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A myth of our time
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World Business Newspaper TUESDAY FEBRUARY 13 1996

Talks on forming Italian government close to collapse

Antonio Maccanico's prospects of forming Italy's 55th post-war government looked increasingly remote after almost two weeks of talks failed to find a common position between the two main alliances, on the centre-left and on the right. If Mr Maccanico *cannot form a government, President Oscar Luigi* Scalfaro will have two options: dissolving parliament or asking outgoing premier Lamberto Dini to head a caretaker government. Page 20

German media groups fail to reach deal: Plans to launch a standard decoding box for Germany's pay-per-view digital television were thrown into disarray after Bertelsmann and Kirch, the country's two large media groups, failed to reach agreement on the technology. Page 17

Rules on war crimes suspects: US peace envoy Richard Holbrooke announced new rules on suspected Bosnian war criminals. Bosnia's government *will in future submit a list of suspects to the* UN War Crimes Tribunal in The Hague for screening. Only those approved for detention by the tribunal could be held by the government. Nato stalls, Page 3; Editorial Comment, Page 15

Dresdner Bank customer jailed: A businessman was sentenced to three years and nine months in jail and fined DM1.3m ($882,000), in the first conviction in a wide-ranging tax evasion probe centred on Dresdner Bank clients. Page 2

Saab Automobile, the struggling Swedish *carmaker managed and halfowned by General* Motors of the US, surprised markets with a strong *return to profit in the final quarter of* 1995. Page 18

Singapore halts power sell-off: In a surprise move the Singapore government postponed for several years the flotation of Singapore Power, which had been expected to take place this year. Page 16

Lloyd's of London aims to boost support among hard hit members for its recovery plan by drawing up a list of Names whose misconduct led to massive losses for the insurance market. Page 9

Warning of threat to single market: The European Commission was warned that a French law forcing radio stations to fill almost half their air time with French-language songs represents a serious threat to the single market. Page 3

Générale des Eaux, the French water company, may have its concession to run a provincial Argentine *water distribution system revoked after allega*tions that it has been supplying homes with contaminated drinking water.

Dow Jones continues its rise: Wall Street continued its phenomenal recent rise in early trading yesterday, with the Dow Jones Industrial Average up over 60 points to 5,602.28 by 2pm New York time, triggering the New York Stock Exchange's trading restrictions. World stocks, Page 32

Groups plan $346m UK theme park: US entertainment group Time Warner and UK media company MAI plan to invest £225m ($346m) in a theme park and film studio complex in Middlesex, southern England. Page 10

Kvaerner, the Norwegian shipbuilding and engineering group, announced it had doubled profits from NKr1.2bn in 1994 to NKr2.4bn ($372m) in 1995. Page 18; Lex, Page 16

Naked lunch: Waiters in Nice, southern France, stripped a customer who said he could not pay his lunch bill and threw him naked into the street.

Italian motorway crash kills 11: *At least* 11 people were killed and more than 100 injured when around 250 cars were involved in a crash on a fog-bound motorway in northern Italy. Around 250 cars were involved in the pile-up between Vicenza and Verona. Police said the first accident happened on the westbound lane of the motorway but then cars heading east slowed to see the carnage and caused a mass pile-up along their stretch of road.

■ STOCK MARKET INDICES		
New York lunchtime		
Dow Jones Ind Av	5,594.37	(+52.75)
NASDAQ Composite	1,096.97	(+2.37)
Europe and Far East		
CAC40	1,957.57	(+7.02)
DAX	2,428.65	(+16.12)
FT-SE 100	3,726.5	(+10.3)
Nikkei	closed	

■ US LUNCHTIME RATES	
Federal Funds	$5\frac{1}{4}$%
3-mth Treas Bills: Yld	4.916%
Long Bond	98$\frac{3}{8}$
Yield	6.080%

■ OTHER RATES		
UK: 3-mo Interbank	6$\frac{1}{16}$%	(same)
UK: 10 yr Gilt	99$\frac{1}{32}$	(same)
France: 10 yr OAT	105.12	(105.29)
Germany: 10 yr Bond	99.16	(99.35)
Japan: 10 yr JGB	110.897	(111.007)

■ NORTH SEA OIL (Argus)		
Brent 15-day (Mar)	$16.83	(16.87)

■ GOLD		
New York Comex		
(Apr)	$403.3	(407.8)
London:		
close	$402.9	(405.5)

■ DOLLAR		
New York lunchtime		
£	1.531	
DM	1.473	
FFr	5.064	
SFr	1.2025	
Y	106.7	
London:		
£	1.5309	(1.532)
DM	1.4725	(1.4774)
FFr	5.0629	(5.0748)
SFr	1.2019	(1.208)
Y	106.555	(106.965)

■ STERLING		
DM	2.2541	(2.2633)
Tokyo: closed		

Albania	LEK220	Germany	DM4.00	Lithuania	Lts 15.00	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.65	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lwr30.00	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Cyprus	C£1.20	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	Kc60	Israel	Shk7.90	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	EKr22	Jordan	JD1.50	Poland	Zl5.50	Tunisia	Din1.750
Finland	FM15.50	Kuwait	Fils650	Portugal (m'land)	Es240	Turkey	L70,000
France	FFr11.50	Lebanon	U$3.000			UAE	Dh12.00

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Matrix Churchill helped Iraq with nuclear capability

Machine tool company knowingly deceived UK government on exports

By John Plender and Tim Laxton in London

Matrix Churchill, the machine tool company whose activities led to the Scott inquiry, provided the Iraqi procurement network with equipment for the development of a nuclear capability. This has emerged from a Financial Times investigation into transactions by the company, which was acquired by the Iraqi government in 1987.

The company also knowingly deceived the UK government about exports of equipment specifically and exclusively designed for military use in Iraq.

A court case brought by Customs & Excise against three Matrix Churchill directors collapsed in 1992 when it was revealed that the government had implicitly encouraged the sale to Iraq of so-called "dual-use" equipment, capable of both peaceful and military applications. This was in breach of the government's own guidelines.

Mr Paul Henderson, the chief defendant in the trial, has argued that he was unjustly prosecuted. Mr Henderson, the former managing director of Matrix Churchill, has also maintained that he was opposed in principle to the sale of anything used in the manufacture of nuclear weapons.

Yet between November 1988 and April 1990 Matrix Churchill provided parts for a prototype nuclear gas centrifuge for uranium enrichment in Iraq. A confidential report by the nuclear inspectorate of the International Atomic Energy Agency, which has been seen by the FT, confirms that Matrix Churchill supplied components which were used in the Iraqi project.

When the order for the parts was placed by the Iraqi procurement network, they were said to be required for a compressor.

Ironically, it was suspected within the company that the equipment for the project, known as K-1000, was missile related, although in reality it was for a nuclear application.

Initial consignments were described on export documentation as "goods: metal parts". Days after the Supergun scandal broke in April 1990 and four months before the Iraqi invasion of Kuwait, a final consignment was dispatched overland to Iraq. Mr Henderson said yesterday that this consignment went out against his instructions.

The Financial Times has evidence that Mr Henderson was less than frank with the security services about the contract. MI6 records describe a meeting at that time between Mr Henderson and one of its officials using the name of Mr John Balsom. The MI6 account of the meeting says that Mr Henderson "is withhold-

Continued on Page 16

Juppé optimistic on Emu but will not enter union with Germany alone

France rejects link to D-Mark

By Peter Norman in Bonn

Mr Alain Juppé, the French prime minister, yesterday rejected the idea of Germany and France forging an economic and monetary union of their own.

Mr Juppé's remarks, made after meeting Chancellor Helmut Kohl in Bonn, damped down recent suggestions that the two countries either were or should be preparing such a move.

At a press conference, Mr Juppé underlined France's determination to meet the Maastricht entry criteria for Emu starting in 1999. He said he was sure other countries would then join Emu, including perhaps Britain, which at present opposes the project.

Foreign exchange market rumours of an imminent bilateral fixing of the D-Mark and French franc exchange rates, or even a full monetary union between the two countries, have surfaced several times in recent weeks as doubts about the ability of France and Germany to meet the Maastricht entry criteria for 1999 have grown.

At the end of last month, Mr Ulrich Cartellieri, a managing board member of Deutsche Bank, the big German commercial bank, gave the debate an extra push by urging a bilateral fixing of the two currencies to head off "a major crisis" on European financial markets.

Helmut Kohl (left) and Alain Juppé review a guard of honour in Bonn yesterday, where they met to discuss monetary union Picture: Reuter

Yesterday Mr Juppé said France would not enter economic and monetary union with Germany alone and the Bonn finance ministry dismissed the idea.

German monetary officials take the view that it would be politically impossible for Germany to bind its currency to the French franc as long as France is failing to meet the Maastricht convergence criteria by a wider margin than Germany.

German officials also rule out a monetary union between Germany and France because it would entail a change in the Bundesbank's status that would require a revision of the German constitution. The constitution, as amended in the light of the Maastricht treaty, envisages the dissolution of the Bundesbank in the context of Emu, but not in any other circumstance.

Mr Juppé struck an optimistic note about Emu and France's ability to join the project.

He said he expected France would achieve its Maastricht public deficit target of 3 per cent of gross domestic product by 1997. The country had already met its 1995 deficit target of 5 per cent of GDP and expected to achieve 4 per cent this year.

France could already boast of a stable currency which had won respect on financial markets, very low inflation and a strong foreign trade position, he said.

However, the possibility of a delay to Emu was aired again yesterday by one of Mr Kohl's senior lieutenants in Germany's Christian Democratic Union. While stressing that the Bonn government wanted Emu in 1999, Mr Wolfgang Schäuble, head of the CDU parliamentary party, said that in the event of a conflict between the Maastricht convergence criteria for Emu and the timetable, Bonn would argue for a delay in Emu rather than a weakening of the criteria.

Santer seeks to rebuild confidence, Page 3

Eurotunnel changes tack over rescue deal

By William Lewis and Geoff Dyer in London and David Buchan in Paris

Eurotunnel, the Anglo-French operator of the Channel tunnel, admitted for the first time yesterday that any resolution to its financial crisis would probably involve swapping part of the banks' debt for some of the shareholders' equity.

The company's statement represents a retreat from its opening shot made at the beginning of negotiations with its banks in October, when it assured shareholders that it would not be proposing a "massive" debt-for-equity swap.

Analysts described the statement, the first since the talks began, as a U-turn. However, Sir Alastair Morton, co-chairman of Eurotunnel, insisted he had previously conceded that a debt-for-equity swap could form part of a wider-reaching financial settlement.

The company is currently in a standstill agreement with its banks, under which it does not have to pay the interest on its £8bn ($12.3bn) debt. Since the start of the talks, the banks have failed to make any public statements on what sort of arrangement they might be prepared to accept.

Eurotunnel also announced the appointment by a French court of two former leading politicians, one French and one British, to

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Ulster peace hopes rise as parties show support for poll

By Robert Peston and John Kampfner in London

A breakthrough in the Northern Ireland peace process appeared increasingly likely last night with signs that the Irish government and the province's democratic parties would back plans by Mr John Major, UK prime minister, for elections as a prelude to peace talks.

In the wake of the Friday's IRA bombing of South Quay in London's docklands, the Financial Times has obtained details of proposals put over the past three weeks by Mr Major to the Irish government, the Unionist parties and the Social Democratic and Labour party to persuade them to back the elections.

In an attempt to placate Dublin and the SDLP – and also Sinn Féin before it was excluded from the talks process by bombing – the government proposed that the elected body would only meet in exceptional circumstances, would have no legislative, executive or administrative functions and all-party talks would start immediately after the elections.

The Irish government was last night understood to be preparing to drop its opposition to the British election plan. In talks over the past two days, senior British and Irish ministers and officials have narrowed their differences.

Mr Dick Spring, the Irish deputy prime minister, is expected today to tell the Dáil that elections can be held.

These would give a democratic mandate to 90 Northern Ireland politicians, who would form three groups to pursue peace talks with government delegations.

The Ulster Unionists had been resisting the proposal that all-party talks would take place without delay after the elections, probably to be held in May. However, a senior member of the UK government said yesterday that they were now "on board".

The election would provide a means of deciding how much influence each party should have on the outcome of the talks.

However, political parties which did not secure a sufficient electoral mandate would be given a voice in the negotiations, though with less weight.

The elected representatives would not meet in full session in normal circumstances, although they could periodically be convened to discuss or receive briefings on the government of Northern Ireland.

Both the Irish and UK governments appear to have been galvanised by the bombing to address their different tactical approaches, which had severely soured relations.

Mr Spring said yesterday he "welcomed very much" the Mr Major's determination to keep the peace process alive and was reassured by the clear, "direct and speedy" link between possible elections and negotiations.

Only a few weeks ago, Mr Spring accused Mr Major of employing a "divide and conquer" strategy to Ulster.

In a statement to the House of Commons, Mr Major appeared to hint that he and his ministers could have done more to explain publicly the details of his election plan to allay nationalist fears.

One former British minister said: "We should have sold it better. It's not clear it would have made a difference, if the IRA were intent on bombing, but it couldn't have done any harm."

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THE HUNGARIAN PRIVATISATION
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Northern Hungarian Electricity Supply Company Ltd. (ÉMÁSZ) *to* RWE Energie AG / Energie-Versorgung Schwaben AG	Eastern Hungarian Electricity Supply Company Ltd. (TITÁSZ) *to* Isar-Amperwerke AG	Dunamenti Power Plant Ltd. *to* Powerfin SA	Mátra Power Plant Ltd. *to* RWE Energie AG / Energie-Versorgung Schwaben AG

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February 1996

NEWS: EUROPE

Moscow sees TV selling role for IMF chief

By Chrystia Freeland in Moscow

The Russian government has invited Mr Michel Camdessus, International Monetary Fund director, to help sell market reforms to the public by appearing on television when he comes to Moscow next week.

It wants to use him "as a publicist for financial stabilisation", said Mr Sergei Aleksashenko, deputy chairman of the Russian central bank. However, Mr Camdessus had not yet decided whether to take up the Kremlin's unusual offer.

The IMF chief is scheduled to visit Moscow next week in a trip which the Russian authorities hope will wrap up negotiations successfully between Russia and the Fund for a three-year, $9bn loan.

But, just four months before presidential elections, the IMF talks come at an awkward time for President Boris Yeltsin, who must convince the disgruntled Russian people that the long-term benefits of last year's austere economic reforms outweigh their initially painful side-effects.

The Kremlin appears to be hoping that a televised endorsement from Mr Camdessus, whose institution is regularly accused in the left-wing and nationalist press of seeking to destroy the Russian economy, will help win over voters to market reforms.

If Mr Camdessus takes up the Kremlin's offer he will jump on the bandwagon of foreign leaders who have sought to bolster Mr Yeltsin ahead of the presidential elections.

The boldest backing thus far has come from Mr Alain Juppé, the French prime minister, who yesterday urged Russian voters to appreciate the accomplishments of Mr Yeltsin's market reforms. In an interview with Izvestia, the national daily, Mr Juppe said: "Russia faces an important political date. It will be up to the Russian people to choose. If I may voice a wish, it is that the election campaign should be an opportunity to give credit to the reforms accomplished by President Yeltsin."

But the Communist triumph in last December's parliamentary elections, and more recent opinion polls, suggest that the electorate is tired of reforms and is ready to back higher government spending.

In an effort to cater to the new mood, over the past few weeks Mr Yeltsin has made a spate of spending promises, which some analysts have calculated add up to almost $300 for each voter.

However, Mr Aleksashenko insisted that the president's new, populist rhetoric would not thwart a deal with the IMF because it would have little tangible effect on the government's actual policy.

"These are election slogans and not real policies," said Mr Aleksashenko, whose opinion is widely shared by Russian businessmen, who have been acting on the assumption that Mr Yeltsin will not act on his campaign pledges.

Mr Aleksashenko said that, regardless of the president's new taste for populist slogans and the sacking of prominent reformers from the government, Moscow was very close to a deal with the IMF. "There is some purely technical work and there are a few serious problems concerning prior actions which the Russian government must take." But he said Mr Camdessus was likely to seek a personal pledge from Mr Yeltsin that he would continue tough market reforms.

IG Metall leader to warn Kohl

By Michael Lindemann in Bonn

Mr Klaus Zwickel, the leader of Germany's powerful IG Metall engineering union, pledged ahead of talks with Chancellor Helmut Kohl last night that the union would only give up the present early retirement scheme if an alternative solution would not aggravate rising unemployment.

"We need early retirement," he told about 20,000 demonstrators at a rally in Bonn's Minster Square. "If there is to be another measure it has to be as positive an effect on the labour market as the present system of early retirement," Mr Zwickel said.

Mr Zwickel was due to join Mr Kohl, several ministers and the representatives of Germany's employers' associations in another round of talks on creating jobs.

This meeting will discuss an overhaul of the early retirement scheme, a subject which has become particularly pressing after the government announced last week that 4.16m people were now out of work, a post-war record. There are fears that unless something can be done to stem the number of people retiring early, the scheme will put Germany's pension system under intolerable financial strain.

The demonstration in Bonn coincided with an admission by Mr Norbert Blüm, the labour minister, that people should take out a second pensions scheme because payments from the existing system were likely to decline if unemployment continued on its upwards trend. "The system starts approaching its limits if unemployment rises considerably," Mr Blüm told the Bild Zeitung newspaper.

Mr Zwickel, meanwhile, also warned the government that a solution had to be found to the question of overtime, which IG Metall insists must be restricted in order to create new jobs. Companies argue that they have to work overtime because the costs of hiring extra workers are prohibitive.

"We cannot allow that fewer and fewer people work more and more and more and more have no work at all," he told the rally.

While the outcome of the latest talks remained unclear, there were signs that the two sides might reach a compromise. A spokesman for Mr Blüm, who has been roundly blamed for the sudden confusion about the early retirement scheme, said the minister would not be "dogmatic" on the matter.

Mr Blüm insists that because early retirement is funded largely by the government, with only relatively small contributions by the former employers, the system was never designed to cope with rising unemployment levels.

The unions, however, insist that the present system enables older workers to retire earlier, creating new jobs for younger ones who would otherwise never get a job.

Members of the Germany's IG Metall engineering union protesting in Bonn yesterday in support of their early retirement rights Reuter

Dresdner client jailed for tax evasion

By Wolfgang Münchau in Frankfurt

A German high court yesterday sentenced a businessman to three years and nine months in jail and a DM1.3m ($885,000) fine. It was the first conviction in a wide-ranging tax evasion investigation centred on clients of Dresdner Bank.

Peter Gelhard, a 55-year-old dealer in sausage skins, was a client of Dresdner Bank in Koblenz, one of several branch offices subject to a series of tax raids by the German authorities over the last two years.

The raids follow suspicions that German banks, some of which have struggled to build up their Luxembourg business, helped clients to channel money to the Grand Duchy purely to evade tax.

Mr Gelhard admitted to evading DM6.3m in taxes by using a separate account at Dresdner's Luxembourg branch for his foreign business and splitting his invoices.

He has since repaid DM10m in income tax and paid an advance on his 1995 tax obligations. The judge said his guilty plea and co-operation with the investigators contributed to the relatively short prison sentence.

Mr Gelhard said the bank suggested he run the offshore account under the name of a non-existent Panama-registered company. Dresdner Bank, and other banks that have become subject to raids, persistently denied allegations they helped customers evade taxes.

As a result of the tax raids, German authorities have launched preliminary investigations into 8,000 customers of Dresdner Bank. It is not illegal to shift funds to an offshore account, but German law requires residents to pay tax on all income, including savings income earned on foreign bank accounts.

Ukrainian miners in vow to continue strike

By Matthew Kaminski in Kiev

Striking Ukrainian coal miners yesterday vowed to stay out until the government gave in to their demands for back pay and subsidies for the industry, putting increased pressure on Kiev at a delicate time in the country's economic reform effort.

The miners' union said 63 of 227 state-owned mines continued to be shut down by the action and at another 110 pits miners refused to load coal. The strikes began on February 1.

Declining coal reserves are already causing black-outs and heating shortages in the Donbass region, where most mines are located. The government last week warned the stoppage could force power cuts and cripple industry by the end of the month.

Although Kiev last week allotted 6,000bn karbovanets ($31.9m) and promised a further 15,000bn karbovanets within 20 days to cover wages unpaid for months, the government refuses to negotiate, citing the need to keep its finances tight ahead of an International Monetary Fund decision on a $700m loan.

Mr Yevhen Marchuk, the prime minister, said subsidies "would be a catastrophe for the entire economy", adding that any resolution would be based on "economic realities, not capriciousness".

President Leonid Kuchma has dismissed Ukraine's armed forces chief-of-staff over his calls for a bigger army, government officials said yesterday, Reuter reports from Kiev.

Mr Kuchma's decree at the weekend said Colonel-General Anatoly Lopata had been relieved of his duties and transferred to other, unspecified duties. "There were differences in the views of the [defence] minister and the chief of staff on the future of the armed forces," a defence ministry spokesman, Mr Alexander Kluban, told a news conference. "The minister sees the armed forces being able to defend the country within its economic capability and does not favour building such an army that might extend to the shores of the English Channel." The deputy defence minister, Mr Ivan Bizhan, a senior officer during the Soviet era, was named acting chief-of-staff.

Ukraine's defence minister, Mr Valery Shmarov, became the first civilian defence minister in a former Soviet republic outside the Baltic region when he was appointed in October 1994. But he has been criticised for building close links with Nato and for approving the dismantling of the country's nuclear arsenal. He plans cuts in the armed forces from 470,000 to 350,000.

By contrast, the Russian government this month agreed to pay out back wages to stop strikes by its miners. The Kremlin appears determined to avoid any social unrest and growing opposition ahead of June's presidential elections.

An IMF mission leaves Kiev today after reviewing Ukraine's budget and its import payment discipline, after suspending the country's $1.5bn stand-by programme last month. The remaining $700m may be released by early April.

Mr Roman Shpek, deputy prime minister responsible for the economy, this week travels to Washington to lobby the IMF and US government for the much-needed aid.

Mr Marchuk last week blamed the strikes on the government's limited success in overhauling the archaic mining industry and promised to push ahead with plans to close the 24 most unprofitable mines this year.

A World Bank report found the sector must decrease costs by closing mines – at least half of them, by one estimate – by reducing over-manning, freeing coal prices and trade and overhauling management at the pits, many of which are more than 100 years old.

But the high political and social costs of such restructuring also loom large in the mind of a government which last year delayed a number of scheduled pit closures.

Bank of Italy sounds alarm on loan sharks

By Robert Graham in Rome

The Bank of Italy has raised the alarm about the increasing dependence of Italian households and small businesses upon short-term loans from illegal money-lenders.

According to research released over the weekend by the central bank, the number of households using loan sharks quadrupled in the period 1987-93 to 342,000. In addition, some 140,000 traders and small businessmen were now resorting to *strozzini* (loan sharks).

The report is the most comprehensive attempt yet to assess the scale and impact of a phenomenon which has begun to worry bankers, the police and social workers. It believes that some 660,000 households are using or at risk from loan sharks.

On this basis, the bank estimates the total amount of money being lent annually was L7,600bn ($4.9bn) at the end of 1993. But on this outlay by the *strozzini*, the report considers the total profit is in the region of L3,500bn. Organised crime is not only discovering that loan sharking is an extremely effective way of money laundering but that it is one of its most profitable areas. The profits are in fact far more substantial than those currently enjoyed annually by the entire Italian banking system.

The figures in the report indicate a direct correlation between the resort to illicit non-bank credit and the onset of recession in the nineties. In 1987 there were only 79,000 households using loan sharks with total loans of L821bn. But by 1991 there were 236,000 households involving loans worth L2,027bn.

The size of the business is backed up by figures for the number of instances in which loan sharking has been denounced. Between January-September last year 2,748 cases were reported to the authorities leading to the arrest of 690 people. By far the largest number of cases concerned Sicily (543), with 163 arrests, and overall almost 60 per cent of the loan sharking cases were in southern Italy.

The existence of loan sharking is explained in part by the difficulty of obtaining short-term credit/overdraft facilities from banks and the banks' draconian powers when calling in loans.

Credit cannot be easily arranged at short notice, requires many bureaucratic procedures and involves the pledging of assets. This in itself puts off many potential clients, especially those already in financial difficulties.

Georgians hope to win cyberspace race

By Peter Graff in Tbilisi

The streets of Tbilisi were in the usual winter darkness, a total blackout, but a tiny light shone through the window of a basement office in Republic Square.

Inside, young polyglots burned the midnight oil in their electricity generator, carefully maintaining the high-tech on-ramp they hope will make the former Soviet republic of Georgia a long-term destination on the information superhighway.

Georgia has seen four civil wars, hyperinflation, a near total collapse of industry and an energy crisis that has left it with no heat and rationed electricity – all since independence in 1991. It is a place where getting a telephone can take years and placing a call can take hours. And according to Mr Georgy Kashia, a 24-year-old physicist, it is a country that is ripe to claim a place in the multimedia telecoms revolution.

Mr Kashia is the director of the company that runs Sanet, Georgia's Internet gateway, and like the student hackers across the Atlantic who have turned multimedia into multi-billion-dollar business, he is finding his way as a young captain of a younger industry.

Georgia has some advantages over similar countries looking for a way on to the *Infobahn*. Tbilisi is home to a highly educated urban population. Most Georgians are bilingual, in their native language and in Russian, and seem less intimidated than other citizens of the former Soviet republics by the task of learning English, the common language of cyberspace.

But the country's sheer poverty, and its outdated phone system made the barriers to entry formidable.

Mr Kashia got his start as a teenage whiz-kid when Mr Mikhail Gorbachev was nursing the Soviet Union to its break-up. His company relayed electronic mail from Tbilisi over crackly Soviet long-distance phone lines to one of the early Moscow computer network gateways. In a country where every typewriter and radio had to be registered with the authorities, public access to such new communication technologies was only brought about by the new openness.

Mr Kashia's first customers were mostly traders liberated by the reforms, who used e-mail to keep in touch with suppliers and customers in other parts of a slowly disintegrating Soviet Union.

Mr Kashia saw business grow just after Georgia gained independence, when owning a western-made personal computer became something of a status symbol.

The country is still home to a surprisingly large number of slightly outdated PCs from a mini-boom in 1992. His e-mail business soon sagged a bit as the united Soviet economy fell apart.

Then Georgia's civil wars levelled much of Tbilisi city centre. But they brought humanitarian aid organisations and other western agencies which supplied Mr Kashia with a new base of customers. Today his e-mail subscribers are split roughly between expatriates and locals.

But it was not until 1995 that a US government programme transformed Sanet from a simple electronic mailbox to a provider of real-time access to the world's largest computer network, the Internet, and its popular multimedia side, the world-wide-web.

The two-year programme, funded by the US Agency for International Development (USAID), was part of an experiment to "promote the rule of law" by giving free Internet access to the Georgian parliament. The Americans supplied computer equipment and paid for a rented satellite telephone line to link Sanet to an Internet provider in the US.

Sanet now provides a full-time Internet service free to Georgia's parliament and to President Eduard Shevardnadze's office, and in return USAID lets Mr Kashia use excess capacity on the rented line to sell Internet access at commercial rates. The aim, says USAID, is for Mr Kashia to earn enough revenue from commercial clients so that, when the grant runs out, Sanet itself can pay for the satellite link and keep the project going.

Sanet now sells Internet access subscriptions for about $150 a month. The price is still overwhelming for most ordinary citizens, and subscribers so far have been limited mostly to foreign organisations that have the extra cash. But Mr Kashia says he is convinced that as Georgia recovers from its economic tailspin, local demand is bound to rise.

Sanet's server also hosts a growing number of world-wide-web homepages for Georgian institutions and foreign agencies operating in Tbilisi, such as the UN's World Food Programme and the American embassy.

Mr Kashia is now working on plans for computerised reservation systems for Georgia's guest houses and international airlines. Cyberspace, which spurns geographical boundaries, allows Sanet to compete with high-tech companies in higher wage countries.

EUROPEAN NEWS DIGEST

French bishops approve condoms

French Roman Catholic bishops have for the first time approved the use of the condom to prevent the spread of the HIV virus, countering the doctrine of Pope John Paul.

In a statement issued yesterday, the social committee of the bishops of France said the condom could be "necessary" to protect against the virus, which may lead to Aids, but warned against making "the sexual act commonplace". Use of condoms should not exempt people from reflecting upon "the human character of sexuality": it was understandable "to avoid a serious risk", but the condom was not an educational instrument for adult sexuality.

The president of France's Catholic Committee of French doctors, Professor March Gentilini, called the move "a breakthrough". He said that as far as the church was concerned, "the word condom is no longer taboo". According to the World Health Organisation, registered cases of Aids in France have exceeded 35,000 since 1978. *AFP, Paris*

Contest launched to design euro

A competition to design the new bank notes for the euro, the proposed European single currency, was launched yesterday by the European Monetary Institute, forerunner of the European Central Bank. The designs must be based on one of two themes: either a "traditional" approach based on the theme "Ages and styles of Europe" reflecting Europe's cultural heritage, or an abstract or contemporary theme. Under the "traditional" approach, "one side of each banknote will show features – which could be portraits – representing a certain age whereas the other side will display an architectural feature from the same period", the EMI said.

The EMI is looking for ideas for the design of the seven denominations in the euro bank note series – the 5, 10, 20, 50, 100, 200 and 500 euro notes. The competition is open only to "experienced bank note designers" selected by national central banks. The designs must allow for "several advanced security features" to help prevent counterfeiting. The competition closes on September 13. *Graham Bowley, London*

Greek telecom sell-off dispute

Workers at the Greek state telecom operator, OTE, will stage a 24-hour strike today to protest against the Socialist government's plan to float 6 per cent of the company.

OTE's union has pledged to stage rolling strikes during debate in parliament of a bill allowing a share sale on the Athens bourse which may begin next week. Under the bill, OTE's share capital will increase by 6.034 per cent. Most shares will be sold in a public offer, with an undetermined percentage going to staff and pensioners.

Earlier attempts to part-sell OTE in 1993 and 1994 fell flat amid union opposition. In November 1994 another plan was ditched when foreign investors made low price proposals. Later deadlines for the 25 per cent sale were broken. In the latest attempt, which the government wants to end by May, underwriters will set a price which the bill says could fall up to 8 per cent below that based on the company's still undisclosed valuation. A price range unofficially quoted at a closed-doors presentation of the company last week was Dr3,700 (£10) to Dr4,100 a share. *Reuter, Athens*

France forecasts 1996 growth

This year's growth in the French economy will be "probably nearer 1.5 per cent than 2 per cent", according to Mr Alain Lamassoure, the budget minister. This is the most precise forecast the government has given of its re-estimate of 1996 growth in the wake of last December's strikes and economic slowdown, although it is not due to publish a new official forecast until next month.

The budget minister played down the impact of slower growth on tax revenue. He pointed out that in drafting its 1996 budget, to which it had attached a 2.8 per cent growth estimate for the economy, the government had assumed tax receipts would only rise by 1.8 per cent. *David Buchan, Paris*

Dutch sport channel faces probe

The European Commission said yesterday that plans for a Dutch cable and satellite TV sports channel involving the country's football federation might violate competition rules.

The competition commissioner, Mr Karel van Miert, said that the venture, announced at the weekend, would need to be investigated by his office before broadcasts could start as scheduled in the summer. Mr Van Miert said the project raised the question that some partners involved could obtain a dominant position in Dutch broadcasting.

The new channel's partners are Endemol, the television production company, Philips Electronics, ING, the banking and insurance group, and several Dutch cable distributors. The Dutch football federation is also a partner and will receive Fl 1bn (£406m) over seven years for broadcasting rights to football league matches. The federation will receive a 10 per cent stake in the proposed channel. *AP, Brussels*

Belgium agrees jobs measures

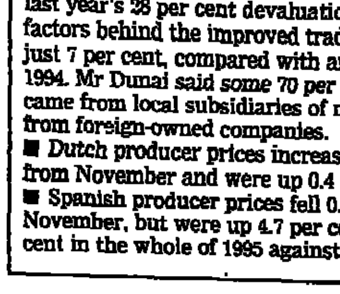
Belgium's government, unions and employers yesterday agreed in principle on an outline package of measures to boost economic growth with the aim of creating jobs.

After a first meeting led by Mr Jean-Luc Dehaene, prime minister, the three sides said in a joint statement they would do everything to preserve, create and redistribute employment.

The joint statement called for a redistribution of available work, a general framework for pay policy, a general framework for cuts in wage costs which does not affect the social security system, a more lenient organisation of labour and the reduction of overtime and black market jobs. *Reuter, Brussels*

ECONOMIC WATCH

Hungarian exports rise 21.5%



Source: Ministry of Trade and Industry

Hungarian exports jumped by 21.5 per cent to $12.9bn (£8.3bn) last year, helping the country to a 2 per cent increase in gross domestic product and cutting its trade deficit to $2.6bn, down from $3.9bn in 1994, Mr Imre Dunai, the trade and industry minister said yesterday. The greatest increase was recorded with former eastern bloc states which accounted for 24 per cent of trade. Exports to these countries rose by 31 per cent. However, the European Union remains by far Hungary's most important trading partner, accounting for 63 per cent of exports and 61.5 per cent of imports. Mr Dunai said the government intended to phase out an 8 per cent import duty surcharge, brought in as part of last March's austerity package, by mid-1997. The surcharge, and last year's 28 per cent devaluation of the forint, were the main factors behind the improved trade figures. Imports grew by just 7 per cent, compared with an increase of 16.8 per cent in 1994. Mr Dunai said some 70 per cent of industrial exports came from local subsidiaries of multinational companies or from foreign-owned companies. *Virginia Marsh, Budapest*

■ Dutch producer prices increased 0.3 per cent in December from November and were up 0.4 per cent from a year earlier.

■ Spanish producer prices fell 0.1 per cent in December from November, but were up 4.7 per cent year-on-year and 4.4 per cent in the whole of 1995 against 1994.

NEWS: EUROPE

French-language radio law seen as a challenge

Brussels fails to call tune on single market

By Emma Tucker in Brussels

The European Commission has been warned that a French law forcing radio stations to fill almost half their air time with French-language songs represents a grave threat to the single market.

Mr Benoît Sillard, president of the European Radio Association (AER) – a trade body representing more than 3,000 private radio broadcasters – said that unless the Commission took legal action against France, other member states would copy the French example, undermining the free movement of services in Europe.

"If the Commission does not make it clear from the beginning that such action is unacceptable, you could find all member states following suit – what then would happen to the internal market?" said Mr Sillard.

Progress on Europe's border-free internal market has been most marked for goods, with the free movement of services, such as broadcasting and advertising, taking longer to get established. Industry representatives fear governments are using arguments about protecting culture and language to erect barriers to music from other member states, thereby protecting their own recording industries.

Last month a French law came into force under which 40 per cent of songs broadcast on the radio have to be in French.

French radio stations – particularly "theme" stations that play one type of music – say 40 per cent is totally disproportionate and virtually impossible to fulfil. "The Commission could at least ask for the quotas to be lowered," said a spokeswoman for the French radio broadcasters' body.

The French government said it did not intend to block the free movement of services with the quota regime. A letter sent to the Commission indicated it was simply fed up with radio stations playing 250 "Anglo-Saxon" songs out of a total of 300 and wanted to correct the imbalance.

Meanwhile, the Irish government followed suit by requiring broadcasters to play a "proper proportion of material of Irish origin and of Irish performance". A quota of 30 per cent was set. According to the AER – which has lodged a complaint with the Commission – the Portuguese and Belgian governments are considering introducing similar quotas.

"The French measures and the Irish measures have nothing to do with culture and everything to do with protectionism," said another industry representative.

This view is backed by the AER, which argues that the French quotas were the result of intensive lobbying by record companies. "The quotas are the perfect way to provide free publicity and an assured market," said Mr Sillard.

Although the Commission takes a relatively tough stance with countries that break single market rules, it has trodden carefully in the radio cases.

It started legal proceedings against the Irish government but these were postponed. With France it asked the government to explain its position and since receiving a reply has said nothing more.

Brussels appears to be frightened of trampling on emotional national sensitivities and does not want to be accused of having no respect for local culture.

Officially it accepts that member states can have the protection of culture and minority languages as an objective. However, measures taken by governments must be "proportionate" to the objective being pursued.

"We have to ask whether the best measure is being used, when weighed against the restrictions imposed on the single market," said a Commission official.

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Santer seeks to rebuild confidence

Lionel Barber on the Commission chief's call for a pact between employers, unions and governments

When Mr Jacques Santer first unveiled his proposal for a "confidence pact" between employers, trade unions and governments to reinforce the drive to European monetary union, many of his colleagues were caught off guard.

Most still have little idea what Mr Santer had in mind when he unveiled the plan to the European Parliament on January 31, but many have begun to realise that he has taken his first big risk since becoming president of the European Commission a year ago.

The suspicion is that the Commission, faced with rising unemployment in the EU and calls for a delay in the Emu timetable, pressed the panic button and produced a half-baked plan which could create unrealistic expectations.

Those who detect a whiff of desperation point to Mr Santer's warning last week that the single currency will die if it is delayed beyond the agreed launch date in 1999. Recalling that hesitancy by European governments had buried plans in the 1950s for a west European defence union, Mr Santer told a Swiss newspaper: "This example shows that delaying currency union would be the end of it."

Mr Santer's aides reject charges of panic, but they admit to misreading the political climate after the EU summit in Madrid last December. They thought the Madrid agreement on the name of the single currency – the Euro – and on its phased introduction between 1999 and 2002 meant the rest would be plain sailing. "What we failed to understand was that Madrid encouraged Emu opposition because it showed we were serious about monetary union," says an aide.

The Santer initiative is aimed chiefly at tackling what one commissioner calls the "crisis of confidence" in the EU which is feeding off unemployment, public spending cuts and a broader sense of insecurity and dislocation caused by long-delayed welfare state reforms.

> Many have begun to realise that Santer has taken his first big risk since becoming president of the European Commission a year ago

Santer aides want to break the connection which Emu opponents are making between Maastricht-induced budget austerity and unemployment in Europe, where more than 20m people are out of work. That means fine-tuning the monotonous insistence on meeting the Maastricht criteria and focusing on job measures.

Mr Santer intends to flesh out his proposals shortly on a tour of the 15 EU capitals. There are three main elements.

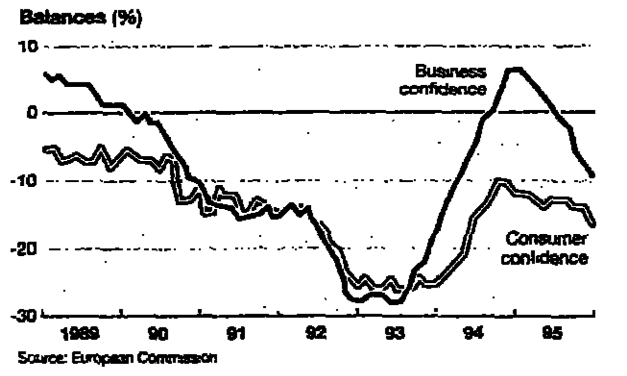
First, Mr Santer wants to reinvigorate Europe's drive to reduce non-wage costs to encourage employers to hire labour and to maintain support for fiscal consolidation. He plans to hold a summit between the "social partners" in May before the next EU summit in Florence in June.

Critics argue that Mr Santer's real aim is to stiffen the political consensus in Belgium, France, Germany and other countries where progress toward eliminating rigidities in the labour market has been slow, particularly in the public sector, in spite of similar tripartite "confidence pacts".

Mr Zygmund Tyskiewicz, secretary general of Unice, the European employers' federation, says that Mr Santer can do little more than "point the way" because the powers to intervene lie with member states. But he applauds the Commission initiative, provided it does not try to dragoon business into unrealistic promises to "stop destroying jobs".

Mr Wim Bergans, spokesman for the ETUC in Brussels, is also supportive, but cautions: "We don't want to reopen negotiations on Emu, but you will not have Emu with 20m people out of work in Europe."

EU business and consumer sentiment



Source: European Commission

Second, the Commission has discovered substantial underspending in EU farm spending as a result of the fall in production caused by reforms in the common agricultural policy.

Mr Santer wants to reallocate the savings, shelling out an extra Ecu1bn (£850m) between 1996 and 1999 on road, rail and telecommunications projects known as trans-European networks (TENS), as well as Ecu700m more on research.

The funds are a tiny portion of the Ecu86bn annual EU budget. The Commission believes failure to follow up the commitment to TENS projects such as the high-speed rail lines linking Europe's major capitals has hurt EU credibility. Critics argue that the money is a drop in the Brussels bucket, and most governments are likely to seek reimbursement to their national treasuries.

Third, Mr Santer announced in his speech that he wants to put employment on the agenda of the intergovernmental conference which opens at the end of next month. Depending on exactly what he means, this could spell trouble.

Everyone agrees that Emu should be kept out of the IGC, and that there should be no attempt to rewrite the Maastricht criteria. However some countries believe that Maastricht's "monetary pillar" should be balanced by an "employment pillar".

Sweden is pressing for legally binding measures to promote employment and growth to be included in "Maastricht 2", but other countries – notably Britain – seem certain to resist moves to institutionalise the fight against unemployment.

Though Santer aides are wary of showing their hand, they express clear desire to move beyond exchange of information and loose co-operation to more formal "co-ordination" of labour market policy.

As such, the Santer "confidence pact" is more than mere rhetoric; it is a foretaste of the wider argument about the division between national and EU-wide powers and responsibilities which will dominate debate in the IGC and the run-up to Emu.

Holbrooke defuses Bosnian crisis over war criminals

By Harriet Martin in Sarajevo

Mr Richard Holbrooke, the US assistant secretary of state, defused a crisis in the Bosnian peace process yesterday by establishing that any arrests of suspected war criminals must be sanctioned by the UN tribunal in The Hague.

After shuttling between Belgrade and Sarajevo, Mr Holbrooke also won a promise from the Bosnian government that it would free any detainees whose arrest the tribunal refuses to endorse.

A crisis flared following the detention by the Bosnian government of eight Serb soldiers. Four of these have been released, but the Bosnian authorities are still holding two senior Serb officers.

General Ratko Mladic, the Bosnian Serb army commander, who has been indicted for war crimes himself, ordered his troops last week to break off contacts with Nato peace forces in protest over the arrests.

In broking a deal over war criminals, Mr Holbrooke had to tread carefully between rival representatives of his own country as well as between Serbs and Bosnians.

While the US administration has presented the punishment of atrocities as a key part of its Bosnia policy, Admiral Leighton Smith and other commanders of Nato's 60,000-strong implementation force (Ifor) remain cautious about intensifying their own contribution to the prosecution of war crimes.

The Dayton peace agreement makes it clear that Nato will not actively seek out war criminals, but it will arrest any that it "comes across" in the course of its other duties. However, Col Mark Rayner, an Ifor spokesman, acknowledged yesterday that the Nato mission did not have enough information about the suspects to be sure of identifying them. Only one of the 52 people indicted by the war crimes tribunal has been arrested so far.

Another Ifor official said that in order to assuage Bosnian anger over the failure to make more arrests, a greater effort would be made to distribute information about the wanted men to Nato soldiers.

"There is a bigger commitment than before to getting that information to the [Nato] checkpoints," he said. In Mostar, the Nato secretary general, Mr Javier Solana, warned that the alliance would not tolerate further attacks on officials like the one inflicted by the Croats on the European Union's Mr Hans Koschnick in his car last week.

"The way they have been treating Mr Koschnick is something we are not going to tolerate and we made that very clear to everybody," he told a news conference.

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Taipei tries to ease tensions with Beijing

By Laura Tyson in Taipei

Taiwan has moved to calm rising tensions with China and boost its financial markets before the country's presidential elections in late March.

The cabinet yesterday announced a package of measures designed to improve waning voter sentiment toward the ruling Nationalist party, which although still comfortably leading opinion polls has seen an early wide margin of support eroded in recent months.

A task force drawn from government departments has been formed to monitor relations across the Taiwan strait, tighten security before the elections and take steps to bolster the sluggish economy.

The moves were intended to "stabilise the political and economic situation and strengthen people's confidence so that the historic presidential election can be smoothly completed", a cabinet statement said. Political analysts saw the announcement as a positive move toward repairing fraught ties with China, which is preparing to hold a large-scale military exercise near the Taiwan strait.

Stock analysts, however, disappointed that the package did not included a hoped-for cut in banks' required reserve ratio or a cut in the central bank's rediscount rate, said the measures would not have a substantial impact.

The Nationalist government is especially anxious to help the stock market, which fell 27 per cent in 1995 and has continued to languish since. Support for the ruling party is generally higher if share prices are buoyant. The index closed 1.9 per cent higher at the noon close of trade yesterday on hopes the measures would include rate cuts.

The cabinet said it would pull together a T$200bn ($7.3bn) pool of funds from contributions by banks, insurance companies, postal savings and pension funds to invest in the stock market. Representatives from the funds are to meet today but it will be left up to the funds' managers as to when and how to invest, according to Mr Lin Chen-Kuo, the finance minister.

Beijing, which regards Taiwan as a wayward Chinese province, is alarmed at the prospect of Taiwan's forthcoming presidential elections, which it fears may lead to an outright declaration of independence by Taiwan. Since last year, Chinese leaders have stepped up threats to use military force against the island should it seek to formalise its de facto independence.

The hostile rhetoric coupled with military exercises apparently designed to intimidate Taiwan has further dampened confidence already soured by a weakening property market, a debt-plagued banking system and feeble consumer demand.

Japanese drown in sea of easy credit

More consumers are finding themselves forced to file for bankruptcy, writes Michiyo Nakamoto

In 1984, Tokyo businessman Mr Takehiko Ishihara had one credit card. Ten years later, he owed Y10m ($93,000) and was ready to file for bankruptcy. In a country famous for its propensity to save, Mr Ishihara has become one of an increasing number drowning in the sea of easy credit that has washed over Japan in the last decade.

"I started out about 10 years ago with just one credit card with a company affiliated to Daiichi Kangyo Bank. But by the time I knew I was in trouble, I had 19 credit cards and was Y10m in debt," Mr Ishihara recalls.

Amid the changed economic environment of the past few years, a growing number of Japanese have found themselves mired in debt and forced to file for bankruptcy.

In each of the three years to 1994, the number of individuals in Japan who declared themselves bankrupt was more than 40,000. While there was a moderate decline in 1994 from the peak of 43,545 in 1993, the level is still more than four times that in 1989.

While the figure for 1995 is not available, the trend throughout the year indicates that the number of personal bankruptcy cases will be at least as high.

When Mr Ishihara had borrowed up to the limit on one card, some companies simply issued him another card. "I never bought anything substantial with the money I borrowed," says Mr Ishihara, who works for his brother's company making specialised fans.

Most of the money was spent on entertainment, clothes or trips to Osaka, his home town.

But as his debts accumulated, it was all Mr Ishihara could do to pay the interest.

"From around 1990, I had to borrow money simply to repay my debts," he says.

Mr Ishihara never missed a payment in that time. But life eventually became so miserable that he was driven to consider suicide. Fortunately, he discovered it was possible to file for bankruptcy and return to a life where he was not living just to service his borrowings.

The biggest cause of bankruptcy in Japan is financial strain, according to Mr Kenji Utsunomiya, a lawyer at the Tokyo Citizens' Law Office, who has worked extensively with individuals trying to deal with indebtedness.

About 70 per cent of those who go bankrupt are people with salaries below Y200,000, he points out.

Amid Japan's prolonged economic weakness, a disturbing recent trend has been the rising number of older people who have had to declare themselves bankrupt.

Many people "who have lost their jobs because of restructuring are filing for bankruptcy and the number of those over 50 in this type of trouble has doubled in the past few years," Mr Utsunomiya said. The rise in the number of individuals who declare bankruptcy has mirrored the strong growth in consumer credit, particularly that of unsecured consumer cash loans.

Over the past 10 years, against a background of spreading financial deregulation, Japan has seen a surge in the number of people who, like Mr Ishihara, turn to credit to make small purchases or pay for nights out.

In 1993, the last year for which figures are available, the ratio of outstanding consumer credit to household disposable income was 23.7 per cent in Japan, higher than the 17.7 per cent in the US, according to statistics from the Economic Report of the President and the Bank of Japan.

The annual average rate of growth of outstanding consumer loans in Japan in the 10 years to 1993 was nearly 13 per cent, or more than double the rate of growth in the US, which was at 5.6 per cent.

The growth in consumer cash loans in particular has been spectacular. According to a report by Barings Securities published last October, consumer cash loans comprise 60 per cent of the entire Y69,000bn consumer credit market in Japan.

The growth in consumer credit has been spurred by changing social attitudes towards debt and the growing ease with which almost anyone can borrow money from a non-bank financial institution. Generally, some form of identification, such as a driver's licence, is sufficient to borrow up to Y500,000 without collateral.

Several consumer financing companies have recently set up booths where customers can have a credit card issued on the spot by an automated teller machine. The feeling of confidentiality offered by a private booth and the simplicity of the application procedure have made these automated credit card machines a big success.

One firm, Promise, which has already set up 200 such machines, says its most successful automated machines issue twice to five times as many credit cards as their regular shops.

Mr Utsunomiya lays much of the blame for the surge in individual bankruptcies on the growth in easy consumer credit. In 1994, for example, bankruptcies stemming from debts to consumer financing companies made up nearly 80 per cent of all personal bankruptcies.

In a country notably averse to litigation, 1m lawsuits involving consumer finance were filed in the same year.

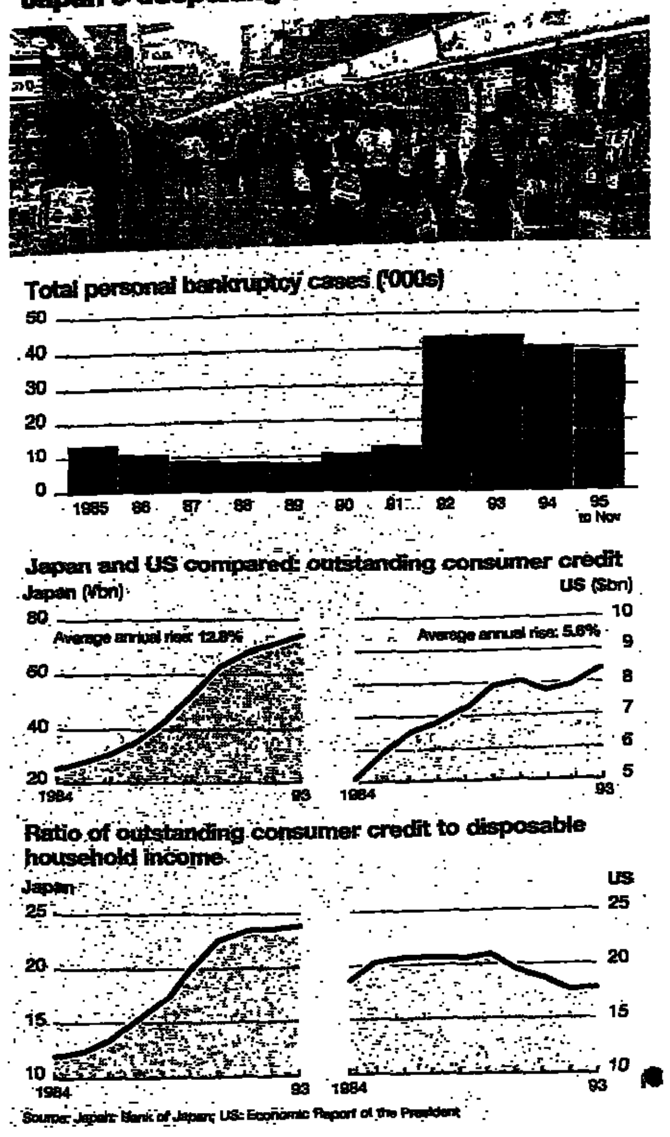
Surprisingly, the rate of default on consumer loans is relatively low, according to Barings Securities, which puts the ordinary bad debt expenses of the main consumer financing companies at less than 2 per cent of outstanding receivables and loans, even at the peak of personal bankruptcies.

Many people seriously in debt are not declaring bankruptcy because they do not know about the system or do not have easy access to a lawyer, Mr Utsunomiya points out. So they end up going into hiding, turning to crime or even committing suicide. He estimates the number of people on the verge of bankruptcy at 1m-1.5m.

"Those declaring themselves bankrupt are only a fraction of the people heavily in debt," Mr Utsunomiya points out. In addition, he believes tens of millions of people in Japan are having trouble meeting their debt repayments.

Against that background, and with the continuing restructuring of Japanese corporations, Mr Utsunomiya believes that in coming years, "the situation regarding personal bankruptcies is likely to get worse".

Japan's deepening mire of consumer debt



Deportation prompts Pakistan nuclear arms denial

By Farhan Bokhari in Islamabad, Pakistan

Pakistan last night denied it was involved in any covert efforts to acquire nuclear technology and said that the country's nuclear programme was only meant for peaceful purposes.

Mr Wajid Shamsul Hasan, Pakistan's high commissioner to Britain, was responding to the expulsion of a member of his staff, through an order from the UK Home Office, allegedly for trying to procure equipment for the country's nuclear programme.

Mr Mohammad Saleem, an accountant at the High Commission, was served a deportation order, for what British Home Office sources called his involvement in the "proliferation of weapons of mass destruction".

Mr Hasan said: "We have no reason to believe that the gentleman in question was involved in any such activities." In Islamabad the government said: "We maintain that our nuclear programme is for peaceful purposes and therefore poses no threat to anyone."

Yesterday's expulsion followed recent concerns over Pakistan's alleged efforts to acquire nuclear technology from different sources. Earlier this month, US newspapers said China had supplied Pakistan with 5,000 ring magnets – a component of gas centrifuges used for enriching uranium. Pakistan and China have denied they are involved in any efforts to produce nuclear weapons.

Western experts, looking at issues related to nuclear proliferation, are also worried over the recent testing of the Prithvi missile by India, Pakistan's arch rival.

Some western diplomats in Islamabad are concerned that the production and deployment of the Prithvi by India would force Pakistan to match the Indian capability, which in turn would escalate the arms race in south Asia.

Concerns over Pakistan's nuclear programme led to the suspension of economic and military aid from the US five years ago. Washington still refuses to sell F-16 fighters to Islamabad.

ASIA-PACIFIC NEWS DIGEST

Labor loses grip on Queensland

Australia's Labor party is set to lose control of Queensland's state government, after an independent member of parliament said she would throw her support behind the opposition, a coalition of the Liberal and National parties. Labor and the coalition have 44 seats each in Queensland's parliament after a by-election earlier this month led to one seat switching from Labor to its opponents.

● In Australia's federal election campaign, the coalition opposition yesterday released a A$1.1bn (US$830m) healthcare incentive scheme, aimed at encouraging 40 per cent of Australians to take out private health insurance by the year 2000. Families earning up to $70,000 a year will be eligible for a rebate on private health insurance. But the rebate will not be transferable to other medical services – in contrast to a scheme put forward by the Labor government. The scheme is estimated to cost A$475m in 1997-98. *Nikki Tait, Sydney*

Seoul move on disputed island

South Korea plans to hold exercises next month near the island that is at the centre of a territorial dispute with Japan, the defence ministry in Seoul said yesterday. The Korean exercise close to the disputed island in the Sea of Japan – known as Tok-do in Korean and Takeshima in Japanese – will involve naval destroyers and fast patrol boats, supported by anti-submarine aircraft and jet fighters.

Although officials emphasised the exercise was a routine one that occurs every three months, it is likely to exacerbate tensions with Japan. The Korean-Japanese diplomatic row flared last week when Tokyo renewed claims to the island, which has been occupied by a South Korean police garrison for the last 40 years. Japanese interest in the island is linked to its plans to extend its exclusive economic zone in the Sea of Japan under the United Nations convention on the law of the sea. *Jack Burton, Seoul*

Major to visit Hong Kong

Mr John Major, the British prime minister, will visit Hong Kong on March 3 and 4, his office confirmed yesterday. Mr Major is to fly to the British colony, which is due to be handed back to China in July 1997, following a summit in Bangkok of Asian and European Union leaders.

On his way home from Hong Kong, Mr Major is to stop in Seoul for talks with Mr Kim Young-sam, the South Korean president. A presidential spokesman in Seoul said yesterday the two leaders would discuss economic and trade co-operation. The visit to Korea will be the first by a UK prime minister since Mrs Margaret Thatcher in 1986. *Reuter, Hong Kong*

Germans offer China cheap loan

Germany has lent China DM780m ($530m) at very preferential interest rates in an effort to win the second contract for the Shanghai underground, where Siemens and AEG are up against a consortium led by the Canadian group Bombardier. Mr Zhu Rongji, Chinese deputy prime minister, yesterday ended a six-day visit to Germany. The German companies built the first Shanghai underground line. The federal budget will provide DM450m while the state-owned bank Kreditanstalt für Wiederaufbau will provide the balance. The funds from the federal budget are being offered for 40 years at a favourable annual interest rate of 0.75 per cent with repayment only beginning after 15 years. *Michael Lindemann, Bonn*

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Swiss spurn US court over Marcos wealth

By Edward Luce in Manila

The Swiss government has threatened to ignore an American court if it goes ahead with efforts to reclaim $475m in Zurich allegedly stolen from the Philippine people by the late dictator, President Ferdinand Marcos.

The Los Angeles court, which ruled last year the money should be transferred to 10,000 Filipino human rights victims, said at the weekend Switzerland had threatened "compulsory measures" if the ruling against Swiss Bank Corporation and Crédit Suisse were allowed to stand.

The two banks, which failed in talks last month to resolve their differences with the human rights victims and the Philippine government on what to do with the cash, were last year ordered by a Zurich court to transfer the money to a escrow account in Manila. The money would remain frozen until Philippine courts issued a final ruling on its ownership. The two banks are appealing against the Zurich ruling.

The Los Angeles appeals court, which upheld a ruling in Hawaii last year ordering that $1.9bn be directly transferred from the estimated $10bn Marcos estate to the human rights victims as compensation, has threatened to take action against the Swiss banks unless the money is turned over to the victims.

In a letter sent to the US court and released by Judge Manuel Real in Los Angeles at the weekend, Swiss officials blankly refused to comply with the American ruling. "Any effort by United States courts to enforce the order through the imposition of sanctions on the banks would conflict with Swiss sovereignty, international law and Swiss criminal law," the letter said.

The Swiss government's action is the latest twist in a decade-long tussle over the Marcos estate since the dictator was overthrown in 1986.

Mrs Imelda Marcos, his widow, who is appealing against a 24-year Philippine prison sentence for graft, last year offered to return a portion of the estate to the Philippine government is exchange for immunity from prosecution.

The Philippine government, which also disputes the Los Angeles court's right to award the $475m held in Zurich, has been requested by the Swiss government to produce a watertight conviction of Mrs Marcos before the money is returned to Manila.

The Philippine government has told human rights victims to pursue compensation through the Philippine judicial system rather than courts in the US.

Boycott and bombs hurt Sri Lanka

By Amal Jayasinghe in Colombo

Sri Lanka is facing a poor winter tourist season, following the discovery of a truck bomb in the capital Colombo barely 24 hours before a World Cup-related cricket match.

Police yesterday found a truck packed with 121kg of explosives parked at a Buddhist temple in the city's commercial district. The find was a short distance away from the venue of today's "solidarity" match with a team of India and Pakistan's best players, planned as a gesture of support after Sri Lanka was snubbed by the Australia and West Indian teams, which pulled out of World Cup matches here citing security concerns. Senior officials and tour operators said the Central Bank bombing coupled with the boycott was a serious setback to tourism and the latest truck bomb could not have come at a worse time.

"The Australians may now seem justified in keeping away," a tour operator said. "When foreign teams pull out because of fears of bomb attacks, it sends a very negative signal to tourists planning holidays here." The Colombo government said the boycott of Sri Lanka was "just not cricket". It promised foreign teams security usually reserved for visiting heads of state, an offer spurned by Australia and the West Indies.

"The Australians' rejection will have adverse effects not only on sports, but on other activities such as tourism and foreign investment too," Mr S B Dissanayake, sports minister, said. Financial analysts said planned foreign investment projects might be put on hold, although short-term portfolio investments were unlikely to suffer because of bargain basement prices at the Colombo Stock Exchange. The official tour operator here for the World Cup series, George Steuarts, said it had been banking on the matches to drum up business but now the situation looked bleak.

Australia's Foreign Ministry advised travellers shortly after the Central Bank bombing: "The possibility of attacks against airports, hotels and tourist facilities cannot be ruled out." The bomb killed 87 people and hurt 1,400.

The country's biggest tour operator and hotel owner, John Keells Holdings, noted the island was going through a bad winter already and the escalation of violence could only make matters worse for the industry. "We can only expect a worse winter now in 1996," said Mr Ajit Gunawardena, a John Keells director.

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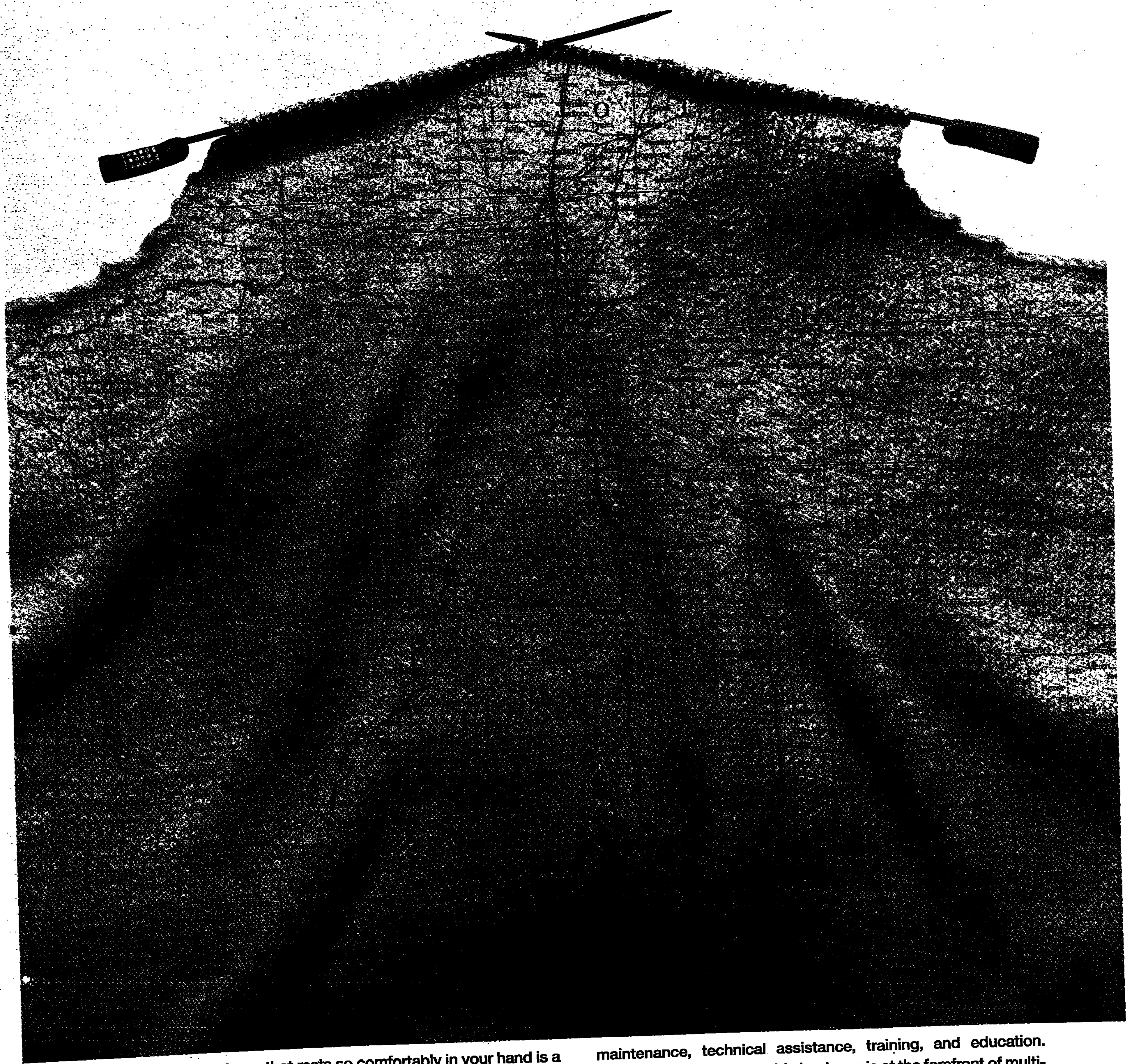

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Iowa caucus proves a perfect family affair

By Patti Waldmeir in Des Moines, Iowa

There were two political battles going on in Iowa. One was the race for the presidency, fought out last night in caucus voting for the Republican nomination. But the other race, the struggle for the position of Republican first family, was fought by the spouses and long-suffering children of those who would be president.

For the post of shadow first lady, it was no contest. Mrs Elizabeth "Liddy" Dole, wife of front-runner Senator Bob Dole, came closest to looking and acting the part. A former secretary of transportation (under Ronald Reagan) and president of the American Red Cross (now on leave), she is articulate and first lady-like – and such a good politician that she campaigned separately from her husband, throughout the state.

But the race for first family was won easily by the Family Forbes by sheer force of numbers. For the first time Mr Steve Forbes, multi-millionaire publisher, appeared on the stump flanked by his own version of the American dream: four all-American teenage daughters and his fifth, a blond eight-year old clutching a flaxen-haired doll.

Whatever the political future holds for Mr Forbes, his family is clearly an asset in a campaign dominated by the rhetoric of family values. The four elder girls beamed with a pride unusual among teenagers, when interviewed about their father's presidential campaign on CNN's Larry King Live programme. The eight-year-old, Elizabeth, stole the show with charm.

The caricature of Mr Forbes painted by his opponents – as an East Coast snob comfortable only amongst yachts and polo ponies – was dispelled by the imagery of his family. They all looked as though they could have been raised on a farm in Iowa – apart from Mr Forbes himself.

However, Mr Forbes was not the only one wielding the secret weapon of American politics, the family. Senator Phil Gramm of Texas brought his two grown sons and his Korean-American wife, Wendy along to a Saturday night rally against gay marriage. Wendy, a former head of the Commodities Futures Trading Commission, is a familiar figure on the campaign trail. Some say she is a major driving force.

But the two boys also played their part, applauding enthusiastically when their father extolled the virtues of "traditional marriage," defined, to avoid misunderstanding, as "one man, one woman."

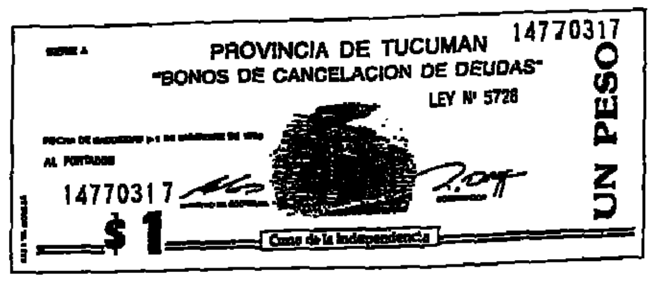
Mr Pat Buchanan, the ultra-conservative commentator, had only his wife to show off at the rally, but he used her to good effect. He nominated the glamorous Shelley to the post of first lady, a proposal which drew wide applause from the conservative audience, and then joked about her plans for the White House travel office – a pointed reminder of the political damage that presidents sometimes suffer from their wives. Mrs Hillary Clinton is widely believed to have insisted on the sacking of the White House travel office.

Mr Alan Keyes, the black conservative who campaigns strongly on a pro-family platform, brought all his children along to the party. The three youngsters, two boys and a girl, stood awkwardly as he flailed his arms and fulminated against homosexuals from the pulpit of the First Federated Church of Des Moines.

The race for the family quarters of the White House has only just begun.

Tucumán's Monopoly money wages

By David Pilling in San Miguel de Tucumán, Argentina



Shopping in Tucumán, a sleepy province in north-western Argentina, is often more like playing Monopoly than real life. Unwitting visitors soon find their pockets bulging with provincial bonds – known as Tucumani dollars – which are readily accepted within Tucumán, but worthless elsewhere.

The exact status of Tucumani dollars, and similar notes circulating in several other provinces, is hard to gauge in a country where strict monetary regulations dictate that every peso must be backed by a dollar held at the central bank. The bonds have no backing whatsoever.

Tucumani dollars, first issued in the mid-1980s, derive from the province's inability to pay its bloated civil service, which absorbs four-fifths of expenditure. Administrations have crammed wage packets with bonds, denominated in handy one and five "peso" bills. Tucumanis, who mostly accept bonds at face value, nevertheless tend to spend them first, keeping their pesos in reserve. The bonds, like a virus, are slowly taking over.

Officially there are $53m in bonds, about a third of Tucumán's paper money, in circulation. "But the statistics are so terrible here, that nobody really has any idea," says Mr Osvaldo Meloni, a local economist.

"The authorities must measure very carefully how much they emit as a proportion of pesos in circulation," says Mr Adolfo Martinez, vice-president of Hamilton Bank. "Otherwise they risk creating a big discount market and causing hyperinflation."

That is what happened in Jujuy, a neighbouring province, where bonds are now worthless. But in Tucumán people have maintained a grudging faith in their currency.

Ms Angelica Hernandez, a shopkeeper, says: "We don't really want to take them, because we can't use them to buy merchandise from other provinces. But lots of people want to pay in bonds. It's a problem."

Mr Martinez says the bonds, printed on poor-quality paper, are a crafty invention. "When they disintegrate through wear and tear, the debt simply vanishes."

Tucumán's money problems do not end here. The province's newly elected governor, General Antonio Domingo Bussi, has resorted to paying six weeks of public-sector wages in post-dated cheques.

Some $75m in such cheques already circulate as "money", although shopkeepers discount them by 10-30 per cent. That adds up to very high inflation in a country which, at national level, boasted 1995 annual inflation of only 1.6 per cent.

Mr Domingo Cavallo, Argentina's economy minister, is now pushing several provinces to clean up their financial mess. But, says Mr Martinez, "if Cavallo really wants to straighten out provincial financial systems, he will eventually have to make all this funny money disappear for good."

Political reform on agenda of EU, Cuba talks

By Pascal Fletcher in Havana

A preliminary agenda for talks between Cuba and the European Union on economic co-operation includes proposals for political reforms to accompany economic change on the island, according to the European Commission.

"The agenda is there, it's on the table," said Mr Manuel Marín, vice-president of the Commission, before leaving Havana on Sunday after three days of talks with Cuban government officials, Catholic Church leaders and political dissidents.

He also had a 10-hour meeting with Cuban President Fidel Castro.

Cuba is the only nation in Latin America which does not have a formal agreement with the EU. However, Cuba has insisted it will not accept pre-conditions for such an accord.

Mr Marín confirmed that the broad agenda for negotiations included an expanded role for free enterprise in Cuba's state-run economy and reforms to the island's penal system, which frequently jails critics and opponents of one-party communist rule.

The inclusion of such proposals reflects the European view that Cuba should move towards a more democratic system and open economy.

Nevertheless, Mr Marín said Cuba's problems could not be solved from Europe. "Solutions must come from inside Cuba," he said. The European Union has also urged the US to lift its longstanding embargo against Cuba.

Mr Marín said the EU and Cuba needed to establish the "limits, content and pace" of the future negotiations on an accord.

A Cuban government delegation would present a detailed position in Brussels in a month so that the Commission could draw up a formal mandate for the talks.

This is expected to take place in the first half of this year, while the negotiating process itself would take longer, maybe two to three years.

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Mexico cracks down on oil well protesters

Arrest of leftwingers ordered in effort to end blockade in Tabasco state

The Mexican government has ordered the arrest of 58 leftwing leaders in the south-eastern state of Tabasco, where thousands of Maya Indian peasants, led by the opposition Revolutionary Democratic party (PRD), are blockading oil wells belonging to Petróleos Mexicanos, the state oil monopoly.

The government crackdown in Tabasco comes after two tense weeks in which the army and riot police have failed to dislodge protestors from 64 Pemex installations in the state.

The oil blockade is the most serious political rebellion in Mexico since President Ernesto Zedillo took office 14 months ago, and may derail the government's efforts to reach a national agreement between political parties on electoral reform.

The PRD claims to be mobilising supporters against the environmental damage caused by oil spills and the leakage of toxic waste into Tabasco's swampy terrain. The government, however, has accused the leftist party of manipulating environmental grievances to revive its campaign to unseat the governor of Tabasco, Mr Roberto Madrazo, who belongs to the ruling Institutional Revolutionary party (PRI).

The PRD has contested Mr Madrazo's victory since his election in November 1994, alleging widespread fraud. Last June, Mr Andrés Manuel López Obrador, the defeated PRD candidate, presented 16 boxes of bank ledgers, cheque stubs, invoices and receipts which purported to show Mr Madrazo had spent $70m in his election campaign – 60 times the legal limit.

Mr Madrazo has so far succeeded in blocking an investigation into the source of his campaign funds with several dilatory appeals to the supreme court. He denies the PRD accusations and has refused to relinquish his governorship.

Mr Madrazo commands a strong following in Tabasco. He also enjoys the tacit support of regional PRI party barons, who resent central government interference in their personal fiefdoms and would be equally vulnerable to any probe into their financial affairs.

The impasse in Tabasco is a prime example of the simmering post-electoral conflicts Mr Zedillo would like to bury with new legislation to create an independent electoral authority and require the timely disclosure of the source and use of party political funds.

Until the government ordered the arrest of Tabasco's PRD leaders, such an agreement appeared to be within reach. The national PRD leadership, however, may now feel obliged to walk out of the electoral reform negotiations in a show of support for its Tabasco militants.

The government is seeking to prosecute the organisers of the oil blockade for "alleged sabotage, damage to public property and criminal association", offences that carry stiff jail penalties.

On Sunday Pemex accused the protesters of sabotage. The company said it had discovered that valves had been closed at one of its oil wells, causing a dangerous build-up of gas pressure.

Mr López Obrador says he is ready to go to jail. In an interview at his home in Villahermosa, the capital of Tabasco, he blamed part of Mexico's economic crisis on the PRI's unfettered expenditure during the 1994 general elections. "This is a civil resistance movement against an illegitimate government," he said. "If we do not keep our protest alive, our demands will be forgotten and electoral crimes will go unpunished."

The PRD leader said Pemex maintenance crews would be allowed access to oil wells this week, so that his followers could no longer be accused of sabotage.

In Mexico City, Mr Adrian Lajous, director general of the state oil monopoly, complained that Pemex was being "held hostage to a political squabble". Although the blockades have affected less than 1 per cent of Pemex's total oil production, most of it pumped off-shore, Mr Lajous stressed the risk of environmental accidents if protestors continued to deny maintenance crews access to installations. He estimated the blockade was costing Pemex $687,000 a day.

At the Sen oil field, a few kilometres north of Villahermosa, the roads have been cut off with felled banana trees, rusted drain pipes and mounds of rubble. The army came twice last week to dislodge the protesters, who disappeared into the surrounding swamps only to return once the soldiers had gone.

Senator Auldárico Hernández Gerónimo, a Chontal Maya like most of the peasants guarding the entrance to the oil field, says they will continue to man the barricades until Pemex agrees to share its riches with the original inhabitants of Tabasco.

"We are an oil state, but we have no jobs, our children die of cholera, and our fields are barren," the senator says. "The government can put us all in prison, but what will it do then?"

Leslie Crawford and Daniel Dombey

مكتبة الأهرام

Data on human biological clock may help speed treatment of diseases such as Parkinson's

Brain gives up its secrets on timekeeping

By Clive Cookson in Baltimore

Scientists have taken steps towards solving one of the great mysteries of the brain: how it keeps track of time.

Humans have two separate biological clocks inside their heads and fundamental discoveries about both were announced yesterday at the American *Association for the* Advancement of Science meeting in Baltimore.

One is the "circadian clock" which ensures that the body's internal rhythms, such as sleeping and waking, are synchronised with the *outside* world.

The other is the "interval clock", like an internal stopwatch, which gives us a sense of how much time has passed since a particular event or how long something is likely to take. It is used, for example, to judge whether we *can cross a road safely* before an oncoming car reaches us.

Dr Warren Meck, an experimental psychologist at Duke University in North Carolina, and Professor John Gibbon of the New York State Psychiatric Institute told the AAAS that they had *discovered the neural circuitry* underlying the interval clock.

A *combination* of animal experiments and human brain imaging studies shows that the interval clock lies within a region of the brain called the basal ganglia.

Its first component, the *substantia nigra*, functions as a metronome or pacemaker, sending a steady stream *of pulses to the striatum. This is a* gatekeeper which turns on and off awareness of time intervals and feeds that information to the frontal cortex where the information is stored in memory.

The discovery has implications for *sufferers of brain disorders such as* Parkinson's disease, in which the basal ganglia are damaged. It explains why such patients often have a defective sense of timing, and it could lead eventually to improved treatments.

According to Dr Meck, there are also more profound implications. "We believe timing is the foundation for learning and memory," he said. Defec*tive timing mechanisms may underlie* some learning disabilities and may contribute to dyslexia.

Professor Rae Silver, a psychologist at Columbia University in New York, told the AAAS that her research team had discovered how the circadian *clock – a small group of cells behind* the eyes called the suprachiasmic nucleus – communicates with the rest of the brain.

Animal experiments show, suprisingly, that the link is through biochemical signals rather than nerve connections. When it is time to sleep, the suprachiasmic nucleus emits a chemical that tells the pineal gland in *the brain to release the soporific hormone*, melatonin, into the bloodstream.

Prof Silver and her colleague, Dr Patrick Tresco at the University of Utah, expect soon to identify the chemical responsible.

Then it could be developed as a drug to reset the body clock more efficiently than the melatonin pills that have recently become a popular treatment for jet lag.

Hopes for ozone layer recovery

Ozone destruction by man-made chemicals in the upper atmosphere is unlikely to become much worse over the next *few* years, and the protective ozone layer should begin to recover early in the next century, Clive Cookson reports.

That was the consensus view of specialists in atmospheric *chemistry* at the American Association for the Advancement of Science meeting in Baltimore yesterday.

However, they warned there was *still a small risk* that a serious ozone hole could appear for a short period over *populated regions of the northern* hemisphere. There would then be dangerous levels of ultraviolet radiation from the sun.

Mr Richard Stolarski, an atmospheric researcher with the US space agency Nasa, said the good news was that levels of ozone-destroying chemicals – *mainly chlorine compounds* – were beginning to fall at ground level, as a result of the international agreement to phase out their production.

That would *lead to* a decline in the upper atmosphere within three to five years.

But scientists warned of two other factors that could make *matters worse. One* was global warming; paradoxically, as the lower atmosphere heats up, the upper level (stratosphere) cools. And extreme cold promotes the chemical reactions that destroy ozone.

"The issue over the next few decades is how the cleansing of chlorine from the atmosphere and the cooling *of the* stratosphere will interact," said *Mr Joe Waters* of California Institute of Technology.

The other exacerbating factor would be a gigantic volcanic eruption, even bigger than *Mount Pinatubo in 1991*, which would inject enough "aerosol" particles into the stratosphere to accelerate ozone destruction.

Prof Sherwood Rowland of the University of California at *Irvine said: "The most likely* outcome is that things will not get very much worse than they are now."

See Observer

Government aid 'at lowest level for 20 years'

By Gillian Tett in Paris

The world's richest governments have cut their aid to developing regions to the lowest level as a proportion of gross national product for 20 years.

However, these falls have been offset partly by higher levels of private investment from industrialised countries, according to the latest aid report from the Organisation for Economic Co-operation and Development.

Consequently the overall level of resources moving from the industrialised world to the developing one is now at record levels.

These mixed trends highlight the complexities that now dog the aid debate in international organisations such as the OECD, a Paris-based think tank for 26 of the world's richest nations which conducts extensive research into development issues.

For although some of the poorest countries in regions like Africa are suffering from a *reduction in resources, a small* group of "developing" countries in south-east Asia and Latin America are attracting growing levels of investment.

These distinctions have persuaded the OECD itself to reform the way it classifies "developing" countries.

Meanwhile, Mr James Michel, chairman of the OECD's development co-operation *committee*, yesterday warned that the growth of emerging markets meant "development finance is now at a crossroads".

"New approaches on development finance are now needed to allow for more differentiation between countries – and integration between external financing issues and domestic financial development," he said.

Measured overall, direct aid by OECD countries to the developed world was $59bn (£38.3bn) in 1994.

This was roughly the same level, in real terms, as the previous year. However, it represented only 0.3 per cent of the GNP of the OECD's members – the lowest level since 1973.

This reduction partly reflected a further fall in US spending. In dollar terms the US was the second largest donor in the world, but it gave only 0.15 per cent as a proportion of its GNP – the lowest level of any OECD member, and well below the United Nations target guidelines of 0.7 per cent.

This reduction almost certainly continued in 1995, amid *continuing* efforts by the government to cut its budget deficit.

Other countries facing budget deficits also cut their aid, with falls of over 10 per cent in donations from Belgium, Italy and Finland, and a smaller reduction in Germany.

Outside the OECD, Saudi Arabia, which faces its own budget problems, followed suit: it donated $3.7bn in 1990, but only $317m in 1994, and Kuwait has now overtaken it as the largest non-OECD donor.

Japan, by contrast, which is the world's largest donor and accounts for 22 per cent of all OECD aid, actually increased its contribution (flattered partly by yen strength).

France also increased its *spending*, which made it the only G7 country whose aid budget exceeded 0.5 per cent.

The geographical targets of this aid have remained broadly similar in recent years, with Asia and sub-Saharan Africa *each receiving slightly* over $20bn in 1994, and Latin America receiving about half this.

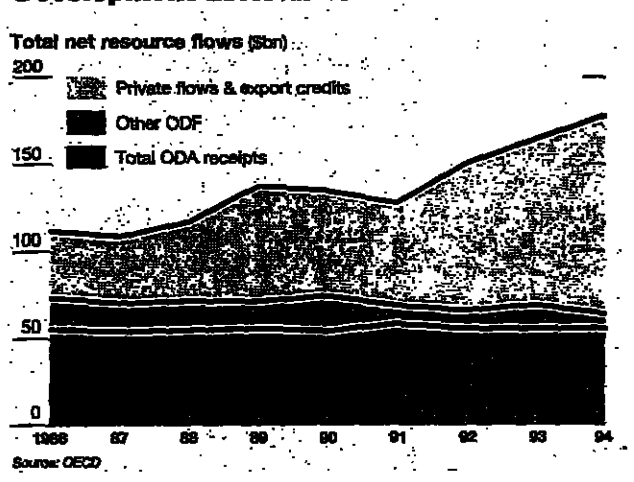
However, the overall level of resources received by each region differs sharply. In Asia official aid represented only a quarter of all resources, because of a sharp rise in private investment by OECD countries.

Central and South America have also seen steady increases in private investments, which were four times larger than aid donations in 1994.

However, the level of private investment received by sub-Saharan Africa was only a fifth of the size of the aid poured into the continent. Meanwhile, Africa only attracted $2bn of the $45bn worth of new foreign direct investment in *developing countries*.

A growing proportion of total western assistance in 1994 was earmarked for debt forgiveness.

Development assistance



Source: OECD

INTERNATIONAL NEWS DIGEST

Donors near deal on loans fund

Donor countries yesterday hammered out many of the details of an emergency SDR3bn (£2.9bn) fund to allow the World *Bank to keep up its programme of soft loans* to very poor countries. Finance ministry officials will meet in Tokyo next month to finalise the fund, which will enable the World Bank's International Development Association to continue to lend over the next year.

Agreement was reached yesterday on many of the fund's characteristics, including a ban on using loans from the fund for procurement from countries which have not contributed to it. This mainly affects the US and Italy, which have not yet paid in full the money they promised the IDA *for* 1993-96.

Ms Jan Piercy, the US executive director at the World Bank, said the US did not regard the procurement ban as helpful, or in the best interests of the very poor countries which borrow from the IDA. Nevertheless, it was less damaging in the context of the special fund than it would have been if implemented across the board for IDA loans.

The World Bank, which had asked *member countries for* SDR9bn to cover IDA for the 1997-99 period, hopes the Tokyo meeting will also come up with *a longer-term* funding formula for the IDA for 1998 and 1999. But finding the money for this period will still be difficult. US officials have already said the $1.94bn projected by the World Bank as the US contribution is unrealistic. *George Graham, Banking Correspondent*

Peres to dissolve parliament

Mr Shimon Peres, Israel's prime minister, yesterday called for the dissolution of parliament to allow for elections by the end of May. The government presented four bills to enable the dissolution of the 120-member Knesset.

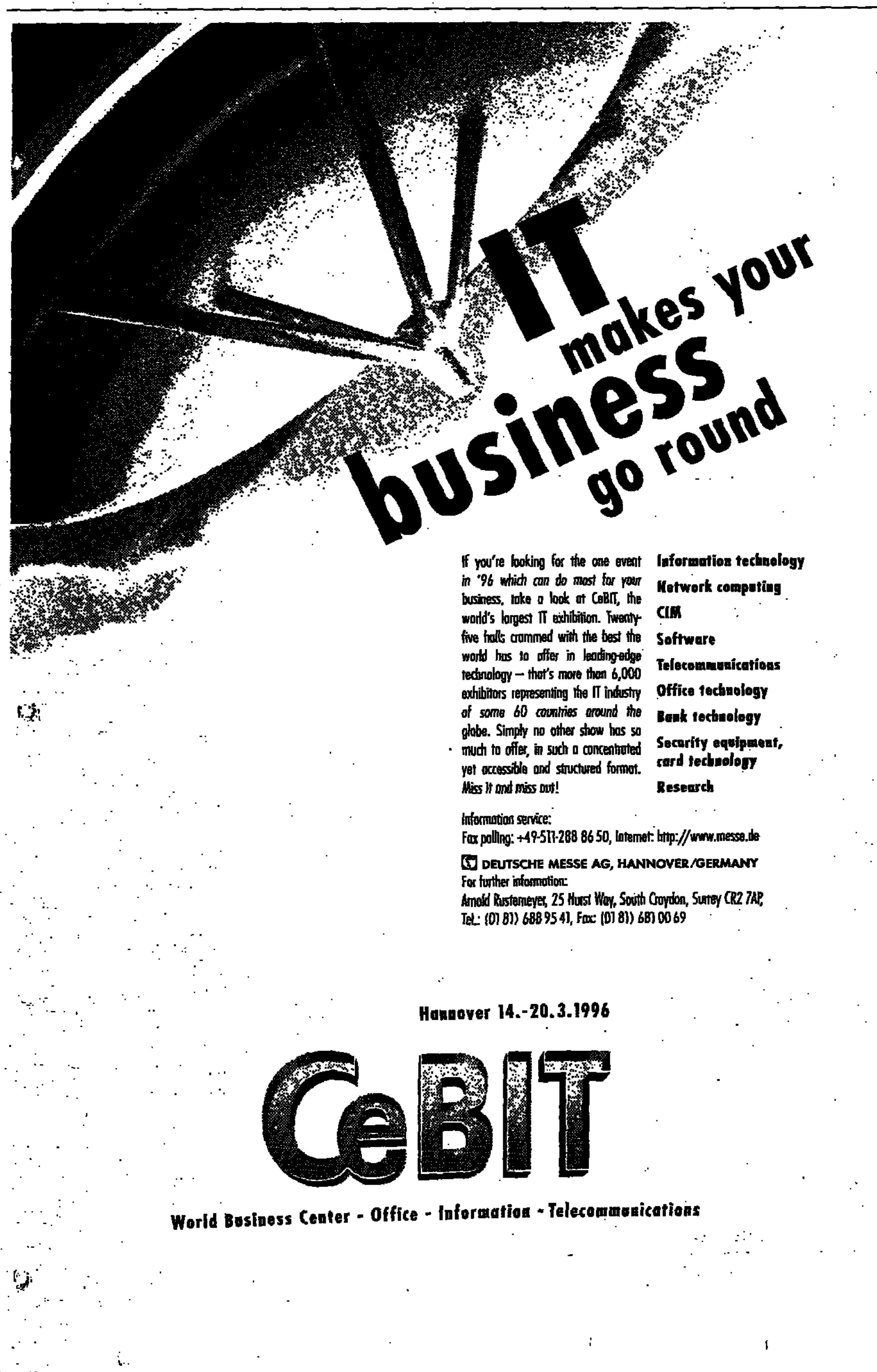
Mr Peres was yesterday due to meet Mr Benjamin Netanyahu the right-wing Likud leader and his main rival, to fix a final date. Although Mr Peres is said to prefer a poll on May 28, he yesterday raised the prospect of a May 21 election in an attempt to put pressure on the opposition not to filibuster the dissolution bills.

Up to 3.9m Israelis will cast two ballots at the next election – *one for the direct election of the prime minister and a* second for parliamentary deputies. Recent polls have shown Mr Peres, who is riding a wave of public sympathy following the assassination of former prime minister Yitzhak Rabin, leading Mr Netanyahu by up to 22 points. A Gallup poll published last Friday showed that 52 per cent of Israelis would vote for Mr Peres and 30 per cent for Mr Netanyahu. Another *poll on the same day showed Mr Peres at 51 per cent against* Mr Netanyahu's 36 per cent. *Julian Ozanne, Jerusalem*

Iraq, Syria consider dam action

Iraq and Syria are considering taking action against European companies helping Turkey to build dams on the Euphrates River, a senior Iraqi official said yesterday.

"Among these measures is to deprive the French, British, Italian, Austrian, and Belgian companies which implement these dams of any projects that could become available in Syria or Iraq," said Mr Abdul-Sattar Salman, undersecretary at *Baghdad's Irrigation Ministry. Syria and Iraq*, ruled by rival wings of the Baath party, have been feuding for years but have set aside their political differences because they fear Turkey plans to reduce the flows of the Euphrates and Tigris rivers by diverting their waters for hydroelectric and irrigation projects. Both rivers originate in Turkey, but are vital sources of water for Syria and Iraq. Mr Salman said Iraq and Syria needed to take action against Turkey if it pressed ahead with the Birecik and Carchemish dams *AP, Damascus*



Washington would prefer partial WTO agreement instead of drawn-out talks

US looks for quick telecoms pact

By Guy de Jonquières

The US has signalled that it would prefer to settle for an agreement in the World Trade Organisation which would partially liberalise basic telecommunications, rather than see negotiations drag on beyond their end-April deadline.

The US suggestion has surprised other leading WTO members. Many favour making an all-out effort to achieve a substantial and comprehensive accord, even if that means prolonging the negotiations.

They say the talks have made more progress than originally expected and are moving with the tide of events in the industry, as governments worldwide embrace privatisation and freer competition with increasing enthusiasm.

However, the US doubts whether enough countries are yet ready to translate these reforms into formal commitments in the WTO. It argues that unless more governments do so soon, it would be better to conclude a limited deal and return to negotiations later this decade.

In that event, the US says it would be ready to guarantee telecoms companies from other countries the freedom to offer long-distance and local telephone services in its domestic market.

However, it would reserve the right to refuse foreign companies authorisation to operate international telephone services from inside the US, if it judged their home markets remained closed to US telecoms service providers.

That would prevent foreign carriers from routing traffic cheaply on liberalised international connections with the US, while continuing to charge their US competitors fees for calls made to their own countries.

> Many members, surprised at the US move, say talks have made more progress than originally expected

Washington argues that such an approach to liberalisation would substantially increase the openness of the US market, while protecting its industry from unfair competition.

The US suggestion, circulated informally to other WTO members, has left them divided over how to interpret it. One trade diplomat said it was a positive sign of US commitment to the talks, but others called it half-hearted and disappointing.

Some officials believe the idea is dictated by the US need to reconcile conflicting diplomatic, political and industrial priorities.

They say that by showing readiness to conclude a partial deal, the US apparently hopes to avoid repeating its performance in last year's WTO financial services negotiations.

It was widely criticised then after it refused to participate in an agreement, on the grounds that the market-opening measures proposed by other countries did not meet the demands of the US financial services industry.

However, the forthcoming presidential election puts pressure on the US to wrap up the telecoms talks quickly. There are also signs that AT&T, the US industry leader, may be losing interest in the WTO talks and pressing less hard for an ambitious agreement.

The US says it is satisfied by the European Union's offer in the negotiations, but is still looking for improved concessions from other WTO members including Canada, Japan and South Korea, and most south-east Asian and Latin American countries.

The next round of negotiations is due to be held in Geneva at the end of this month.

The talks will also focus on a US proposal, backed by several other WTO members, for a regulatory framework which would ensure fair competition by setting global rules for telecoms markets.

Brussels acts to prise open foreign markets

By Caroline Southey in Brussels

Sir Leon Brittan: helped to draw up strategy paper

The EU Commission will tomorrow announce a fresh drive to prise open foreign markets as part of a wide-ranging initiative aimed at creating a more coherent EU approach to trade policy.

The proposals are included in a strategy paper drawn up by five commissioners, including Sir Leon Brittan, the EU trade commissioner. The paper sets out steps the EU can take to improve co-ordination between the Commission, member states and EU businesses.

"It is time for Europe to abandon its defensiveness and focus fully on opening those markets that remain closed to our products and investments," an EU official said.

The paper lays down the Commission's broad approach to trade policy and is designed to promote a debate about what the EU should table at the World Trade Organisation's first ministerial meeting in Singapore in December.

The paper says the EU has a "clear interest" in pursuing trade objectives through the multilateral trading system and applying WTO rules. But, it adds, a bilateral approach "may in certain cases achieve quicker results".

The paper emphasises that the EU will respect its "international obligations", adding that the drive to open markets will be different from "market access initiatives taken by other major trading partners" because it will exclude "unilateral measures".

The commissioners list sectors where further efforts are needed to remove barriers, such as financial services, telecoms, maritime transport, rules of origin, rules for services, customs duties and government procurement.

As part of a market access strategy, the commissioners place great emphasis on the "active support of European business" and warn that EU companies and governments are "confused by a complex array of rules at national and European level, often believing Europe's market-opening powers to be weaker, or in some cases stronger, than they really are".

The paper proposes inviting companies and governments to identify "the most stubborn obstacles in specific countries that are hindering trade and investment".

It also outlines a number of practical steps, such as the creation of a central database on access to foreign markets and suggests the Commission produce regular reports identifying trade barriers and priority countries.

The paper also urges stepped up co-ordination between the Commission and member states to ensure faster exchange of information on market access. It advocates "improved synergy" within the Commission between departments responsible for trade policy, different sectors and geographical responsibilities.

Trafalgar to build Thai steel plant

By Ted Bardacke in Bangkok

Thailand's rapidly developing eastern seaboard has received a boost from a contract with Trafalgar House of the UK to engineer, supply and build Thailand's first integrated iron and steelworks.

The value of the contract, which is expected to be signed during the visit to Bangkok by the UK prime minister, Mr John Major, next month, is between $650m and $750m.

The deal, one of the largest ever between Thai and British companies, calls for Trafalgar's engineering unit Davy International to construct a plant to produce 2.75m tonnes of hot liquid iron, 1.1m tonnes of coke and 2.15m tonnes of billets a year.

Total cost of the project is approximately $1bn and operations are expected to begin in early 1998.

The deal is Trafalgar's second big contract in Thailand in less than a year. Last August the company, 26 per cent owned by Hong Kong Land, announced that its Groupe Sofresid subsidiary had won a $420m contract from Thai Copper Industries to supply and build the country's first copper smelting and refining plant, also on the eastern seaboard.

The contracts will be executed on a turnkey basis, with Trafalgar declining to take an equity stake in either plant.

The UK company will be expected to provide an unspecified amount of low-cost export financing for the steel plant. The rest of the plant's cost will be financed by a consortium led by two Thai banks, Bangkok Bank and Thai Military Bank.

European companies have lately come under criticism from Asian countries for selling to the rapidly expanding Asian markets without making significant investments in the region. Trafalgar is looking at taking a minority stake in some consortia participating in Thailand's $4bn independent power scheme to produce electricity as part of a potential deal to supply equipment to those plants, a company executive said.

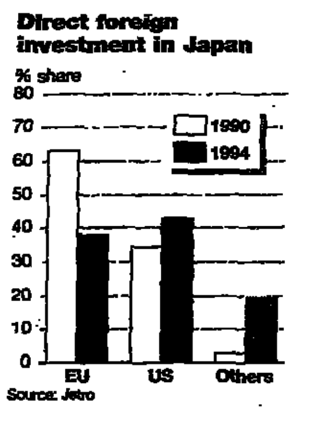
Thai Special Steel Industry, which awarded the contract, is a subsidiary of Thai Petrochemical Industry and its affiliate, Siam Steel Pipes.

Part of the plant's output will be sold to TSSI's wire rod mill and other competitors which produce steel products but which rely on imported slab and billet.

One of TSSI's main competitors, Sahaviriya Steel Industries, is contemplating a similar integrated project at its Bang Saphan complex, which is also along the eastern seaboard.

Japan shifts foreign investment focus

By William Dawkins in Tokyo



Japanese companies' investment abroad is accelerating and changing focus from mature economies to emerging markets in Asia and Latin America.

Companies' reasons for investing overseas have also changed. Until recently, Japanese manufacturers were driven abroad by the need to reduce trade friction and avoid rising domestic costs imposed by a high yen.

Now, more companies are setting up local headquarters with decision-making responsibility, especially in Asia, to establish relationships with regional economic blocs and adjust to the reduced role of manufacturing in Japan's economic structure.

These local units reinvest twice as much profits as they did five years ago – 60 per cent – towards servicing regional markets, rather than exporting.

Those are the main conclusions of the 1996 annual white paper* on direct foreign investment by the Japan External Trade Organisation, the most comprehensive view of corporate Japan's foreign investment strategies.

Overall, Japan's foreign direct investment rose by 27.7 per cent to $21.7bn in the first half of last year, the most recent period covered by the study. This is a sharp recovery from the modest 14 per cent growth recorded in 1994.

However, that recovery came from a very low base. The 1994 full year total of $41.1bn was less than two-thirds of the peak in 1989, when Japan held the title of the world's largest foreign direct investor for two years, usurped by the US in 1991.

The phenomenon of hollowing out – the shift of manufacturing capacity offshore which excites so much worry from Japanese policymakers – has started to accelerate again, but is still well short of the pace at the turn of the decade, the study shows.

However, that recovery came ... The other significant change from previous investment patterns is the wide and growing disparity between regions favoured by Japanese companies.

In 1994 they increased spending by 55 per cent in Latin America and 52 per cent in south-east Asia, but only by 17 per cent in the US, and reduced investment in Europe by just over one fifth.

The shift in new spending is powerful enough to bring substantial change in Japan's weight in the economies in which it invests.

Japan accounted for only 4.2 per cent of the foreign investment in Britain in 1993, down from 12.9 per cent in 1994 from 38.7 per cent in 1990.

The change in direction of Japanese money towards Latin America and Asia underlines the battle faced by mature economies' governments to attract new investment. Japan's new spending in Europe now tends to be focused on the highest-growth sectors, such as semiconductors, or updates and expansions of older plant, as in the car industry.

The country's shift of production abroad started well after other industrialised economies, but is beginning to catch up, the study shows.

According to a Jetro survey last May, one fifth of total production is offshore and companies plan to increase that to 35 per cent. That compares with one quarter of US manufacturing companies' production abroad, and just under 20 per cent German output of German industry.

The amount of Japanese production has just passed a threshold at which trade between domestic companies and their overseas subsidiaries begins to accelerate. This was seen in US and Europe many years ago.

Japanese companies' overseas subsidiaries accounted for 37 per cent of their domestic parents' imports in 1993, up from 28.7 per cent. It confirms the belief of several economic analysts in Tokyo that Japan is fast on the way to becoming the largest exporter to itself.

* *Jetro White Paper on Foreign Direct Investment, available only on the Internet at site address: http://www.jetro.go.jp*

South Africa seeks to provide new direction for Unctad

By Roger Matthews in Cape Town

The South African government believes it is uniquely placed to provide a new direction and sense of purpose for the United Nations Conference on Trade and Development (Unctad) when it stages the next ministerial meeting of the organisation at the end of April.

It will be the largest conference ever staged in South Africa, with over 2,500 delegates from 188 countries attending, and a critical moment for Unctad, which has faced calls by several leading politicians for its dissolution and replacement by an "economic security council".

Although South Africa's decision to host the conference appears to have been taken primarily as an opportunity to raise the country's international standing, Mr Trevor Manuel, minister of trade and industry, says he is determined not to preside over an unwieldy, ineffective organisation which has little relevance to the developing world.

"It is vital that we define a new role for Unctad in the international political and economic arena, and one that complements the work of the World Trade Organisation," he says. "South Africa wishes to put its own distinctive stamp on Unctad."

Mr Rubens Ricupero, the secretary general of Unctad, arrived in South Africa yesterday for talks with Mr Manuel before the two leave for Addis Ababa for the preparatory meeting of African nations which begins later this week.

South African officials say the experience they have gained in bridging deep divisions through reconciliation and the building of consensus is highly relevant to Unctad. They also point to the extent that South Africa mirrors the huge disparities between the industrialised nations and the least developed countries.

Mr Jay Naidoo, minister responsible for the reconstruction and development programme, said yesterday a recent study showed that the 12 per cent of the South African population which is white enjoyed living standards comparable to Canada (ranked 24th in the world), while the 75 per cent which is black was in 123rd place, just ahead of Congo.

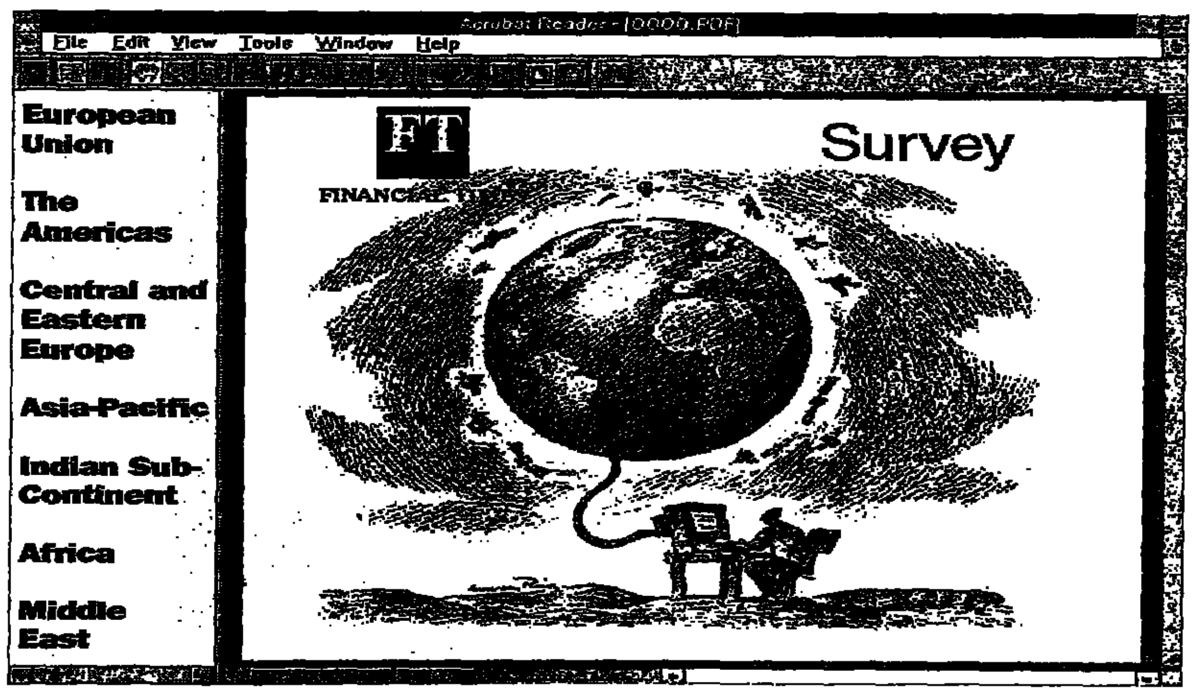
South Africa believes the thrust of the Unctad meeting has to be the quest for policies which seek to halt and reverse marginalisation of the least developed countries, and the likely worsening of the trend caused by the Uruguay Round.

With many of those countries found in sub-Saharan Africa, South Africa has a strong interest in keeping that issue at the top of the agenda.

South Africa is also looking to build on what it sees as a natural affinity with the more developed countries of Asia and Latin America, and acknowledges that two thirds of the world's poor are in Asia. Officials believe South Africa has much in common with those countries on issues such as market access, intellectual property rights, labour, environmental standards, and the links between trade and investment.

The other key aspect of South Africa's approach to Unctad is its acceptance that the organisation must be rationalised to encourage greater efficiency and a more responsive attitude to the needs of its members.

In particular it believes Unctad should do more to help developing countries prepare for negotiations at the WTO, help towards establishing an early warning system on the destabilising effects of financial flows, and work towards an international regulatory framework for foreign direct investment. Officials argue that development programmes must be more closely related to the needs of the recipients, rather than to the particular expertise of the donors.



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INTERNATIONAL ECONOMIC INDICATORS: MONEY AND FINANCE

This table shows growth rates for the most widely followed measures of narrow and broad money, a representative short- and long-term interest rate series and an average equity market yield. All figures are percentages.

UNITED STATES

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	13.5	8.1	6.49	7.67	3.43
1987	11.6	6.5	6.82	8.39	3.12
1988	4.2	5.4	7.65	8.84	3.61
1989	1.0	4.2	8.99	8.50	3.43
1990	3.6	5.5	8.06	8.55	3.60
1991	6.0	3.7	5.87	7.86	3.21
1992	12.4	2.0	3.75	7.00	2.95
1993	11.6	1.2	3.22	5.86	2.78
1994	6.2	1.4	4.67	7.08	2.86
1995	−0.3	2.3	5.93	6.57	2.61
1st qtr.1995	1.0	0.5	6.18	7.47	2.86
2nd qtr.1995	0.2	1.4	6.03	6.60	2.68
3rd qtr.1995	−0.7	3.3	5.79	6.32	2.53
4th qtr.1995	−1.8	4.2	5.73	5.89	2.38
February 1995	0.9	0.5	6.16	7.46	2.85
March	0.7	0.5	6.15	7.20	2.81
April	0.7	0.7	6.12	7.05	2.74
May	0.2	1.1	6.05	6.63	2.68
June	−0.1	2.3	5.94	6.16	2.61
July	−0.5	2.7	5.80	6.26	2.55
August	−0.5	3.4	5.82	6.50	2.55
September	−0.9	3.7	5.74	6.19	2.48
October	−1.5	3.9	5.81	6.03	2.46
November	−1.7	4.2	5.74	5.93	2.42
December	−2.1	4.6	5.63	5.71	2.24
January 1996			5.42	5.64	2.62

JAPAN

	Narrow Money (M1)	Broad Money (M2+CDs)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	6.9	8.2	5.12	5.35	0.84
1987	10.5	11.5	4.15	4.64	0.55
1988	8.4	10.4	4.43	4.77	0.54
1989	4.1	10.6	5.31	5.16	0.48
1990	2.6	8.5	7.62	6.90	0.65
1991	5.2	2.0	7.21	6.40	0.75
1992	4.5	−0.4	4.28	5.24	1.00
1993	3.0	1.4	2.83	4.18	0.87
1994	5.4	2.9	2.12	4.20	0.78
1995	8.2	3.3	1.12	3.39	0.86
1st qtr.1995	5.0	3.6	2.15	4.38	0.86
2nd qtr.1995	6.1	3.3	1.23	3.27	0.93
3rd qtr.1995	8.6	2.8	0.66	3.05	0.86
4th qtr.1995	13.0	3.3	0.43	2.88	0.81
February 1995	4.9	3.7	2.20	4.52	0.85
March	4.5	3.6	2.04	4.06	0.92
April	5.6	3.2	1.37	3.52	0.92
May	5.9	3.3	1.24	3.35	0.91
June	7.0	3.3	1.09	2.96	0.96
July	7.2	2.9	0.80	2.91	0.91
August	8.6	2.9	0.71	3.25	0.85
September	9.9	2.8	0.46	2.97	0.82
October	12.1	2.7	0.41	2.89	0.83
November	13.9	3.4	0.44	2.88	0.83
December	13.1	3.3	0.42	2.86	0.77
January 1996			0.45	3.10	0.75

GERMANY

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	10.0	8.7	4.64	5.90	1.79
1987	9.0	7.3	4.03	6.14	2.21
1988	9.7	6.4	4.34	6.46	2.61
1989	6.3	5.7	7.12	6.90	2.22
1990	4.5	4.5	8.49	8.66	2.11
1991	5.1	5.6	9.25	8.42	2.38
1992	7.0	8.2	9.52	7.90	2.45
1993	9.4	7.9	7.28	6.47	2.11
1994	9.6	9.0	5.36	6.88	1.77
1995	3.7	−0.0	4.53	6.82	2.00
1st qtr.1995	3.8	0.3	5.11	7.41	1.90
2nd qtr.1995	2.8	−1.1	4.60	6.87	2.09
3rd qtr.1995	3.3	−0.7	4.41	6.68	1.98
4th qtr.1995	5.0	1.2	4.01	6.32	2.02
February 1995	4.3	0.1	5.10	7.40	1.83
March	3.3	−0.5	5.07	7.26	2.00
April	2.5	−1.2	4.68	7.07	2.12
May	3.7	−1.3	4.59	6.85	2.10
June	2.3	−0.7	4.53	6.70	2.06
July	2.9	−1.2	4.56	6.79	2.01
August	3.3	−0.6	4.46	6.71	[illegible]
September	3.5	−0.1	4.19	6.56	1.96
October	4.0	0.4	4.09	6.55	2.04
November	4.5	1.0	4.01	6.32	2.04
December	6.4	2.3	3.94	6.07	1.97
January 1996			3.62	5.90	1.88

FRANCE

	Narrow Money (M1)	Broad Money (M3)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	6.9	6.4	7.79	8.36	2.65
1987	4.1	11.5	8.63	9.46	2.75
1988	3.9	8.3	7.94	9.08	3.69
1989	7.5	10.0	9.40	8.79	2.88
1990	3.8	9.3	10.32	9.92	3.19
1991	−4.9	2.4	9.62	9.03	3.58
1992	−0.2	5.4	10.36	8.57	3.55
1993	1.8	−3.0	8.55	6.75	3.21
1994	2.9	1.9	5.84	7.21	2.99
1995			6.60	7.53	3.17
1st qtr.1995	−0.6	3.0	6.65	8.07	3.22
2nd qtr.1995	1.3	4.5	7.47	7.59	3.10
3rd qtr.1995	3.3	5.2	6.12	7.35	3.11
4th qtr.1995			6.14	7.10	3.25
February 1995	0.9	3.3	5.83	7.99	3.21
March	−0.6	3.0	8.07	8.01	3.26
April	−0.0	3.4	7.78	7.80	3.11
May	1.8	4.2	7.48	7.54	3.05
June	1.3	4.5	7.18	7.45	3.14
July	0.5	4.2	6.44	7.42	3.09
August	1.2	5.1	5.96	7.30	3.06
September	3.3	5.2	5.98	7.34	3.19
October	−0.3	2.9	6.89	7.47	3.31
November	2.1	3.6	5.90	7.06	3.20
December			5.60	6.76	3.23
January 1996			4.70	6.44	3.08

ITALY

	Narrow Money (M1)	Broad Money (M2)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	10.5	8.4	13.25	11.47	1.41
1987	10.4	9.6	11.32	10.56	1.94
1988	7.8	8.5	11.24	10.54	2.71
1989	7.1	9.3	12.42	11.61	2.46
1990	9.3	10.1	11.98	11.87	2.84
1991	7.3	8.5	11.83	13.20	3.45
1992	6.7	7.7	13.86	13.29	3.63
1993	4.6	7.4	10.22	11.23	2.35
1994	6.6	5.1	8.48	10.56	1.67
1995	0.8	0.4	10.38	12.22	1.72
1st qtr.1995	1.9	−0.5	9.70	12.79	1.70
2nd qtr.1995	0.3	−0.4	10.69	12.71	1.76
3rd qtr.1995	0.4	0.5	10.52	11.79	1.84
4th qtr.1995	0.6	2.1	10.60	11.59	1.77
February 1995	5.4	0.2	8.98	12.41	1.64
March	0.7	−0.0	10.96	13.48	1.79
April	−0.7	−0.8	10.84	13.44	1.72
May	−0.3	−0.1	10.41	12.37	1.68
June	1.8	−0.1	10.85	12.41	1.86
July	−0.9	−0.4	10.88	12.23	1.75
August	3.0	0.4	10.44	11.67	1.58
September	−1.0	1.5	10.26	11.49	1.61
October	−0.3	1.7	10.69	11.94	1.76
November	0.6	2.0	10.60	11.64	1.81
December	1.6	2.6	10.51	11.18	1.74
January 1996			10.01	10.47	1.66

UNITED KINGDOM

	Narrow Money (M0)	Broad Money (M4)	Short Interest Rate	Long Interest Rate	Equity Market Yield
1986	4.0	15.4	11.02	10.21	4.35
1987	4.7	15.2	9.77	9.69	3.60
1988	6.8	17.3	10.41	9.62	4.48
1989	5.9	17.6	13.96	10.11	4.38
1990	5.3	16.1	14.82	11.56	5.07
1991	2.4	8.0	11.58	10.08	4.97
1992	2.4	5.1	9.74	9.09	4.91
1993	4.8	3.5	5.99	7.40	4.01
1994	8.4	5.0	5.57	8.01	3.94
1995	5.9	7.2	6.77	8.16	4.15
1st qtr.1995	6.6	4.9	6.73	8.60	4.28
2nd qtr.1995	6.0	6.2	6.76	8.19	4.21
3rd qtr.1995	5.8	8.2	6.87	8.09	4.08
4th qtr.1995	5.5	9.4	6.71	7.77	4.04
February 1995	6.1	4.7	6.80	8.60	4.24
March	7.0	5.5	6.74	8.54	4.36
April	6.3	5.5	6.76	8.38	4.27
May	5.9	6.4	6.79	8.13	4.19
June	5.7	6.8	6.73	8.09	4.17
July	5.7	8.0	6.89	8.23	4.11
August	6.1	8.4	6.88	8.10	4.07
September	5.5	8.3	6.83	7.92	4.06
October	5.2	9.0	6.81	8.09	4.04
November	5.5	9.4	6.73	7.76	4.05
December	5.7	9.9	6.57	7.46	4.04
January 1996	6.3		6.45	7.41	4.19

Monetary growth rates: show the percentage change over the corresponding period in the previous year, and are positive unless otherwise stated. All growth rates refer to the seasonally adjusted series except for Japan and Italy. German monetary statistics now form a continuous pan-German series. Monetary data supplied by Datastream and WEFA from central bank sources. Interest rates: short-term, period averages of US – 90-day commercial paper, Japan – 3-month certificates of deposit, Germany – 3-month Fibor, France – 3-month Pibor, Italy – 3-month Euro-lira, UK – 3-month Libor; long-term, period average yields on 10-year benchmark government bonds. Interest rates supplied by Datastream. Equity market yield: period averages of the gross dividend yield on the relevant FT-A world index.

NEWS: UK

Names back 'blacklist' plan

By Ralph Atkins, Insurance Correspondent

The Lloyd's of London insurance market is attempting to boost support among hard-hit members for its ambitious recovery plan by drawing up a "blacklist" of Names whose misconduct led to massive losses for the insurance market.

The move is intended to prevent those responsible for creating Lloyd's past problems from benefiting from a proposed £2.8bn ($4.3bn) out-of-court settlement offer for loss-making and litigating Names which is part of the plan.

As the principles on which the settlement fund would be distributed were unveiled yesterday, Lloyd's also indicated that it was stepping up efforts to increase the size of the offer.

Possible sources of additional finances include bank loans or contributions from brokers and auditors working at the insurance market. As well as the settlement offer, the recovery plan includes proposals to transfer many into a reinsurance company.

Names' representatives are pressing for extra funds to soften the cost of setting up Equitas as well as compensate for their losses. The Association of Lloyd's Members, regarded as a moderate voice among Names, yesterday said it remained "deeply unhappy" about the size of the offer.

Mr David Rowland, Lloyd's chairman, said yesterday that Lloyd's was "working very hard to raise additional funds" but there was no guarantee the total could be increased.

Lloyd's said that, if its recovery plan were implemented, some 5,000 members would receive cash payments. More than 9,000 would benefit from plans to limit demands for payments to no more that £100,000 after funds deposited at Lloyd's have been exhausted.

For about 16,000 Names the cost of drawing a line under their affairs at the insurance market would be less than their existing funds at Lloyd's.

Some Names argue, however, that £100,000 bills will be impossible for many to meet. Mr Rowland warned that if Lloyd's recovery plan failed, the insurance market was unlikely to survive in its current form.

Details of the proposed "blacklist" have still to be agreed. But Lloyd's said it could include former members of Lloyd's ruling council and could result in some Names being forced into bankruptcy. The list is likely to be drawn up by independent members of the Lloyd's ruling council.

Mr John Mays, chairman of the Merrett Names' Association, said his members – among the worst hit by Lloyd's problems – would approve "wholeheartedly" of the plan. He suggested it might include up to 30 people "who have actively contributed to the misery that the Names have endured".

Lloyd's chiefs arriving to make their announcement: from left, Ron Sandler, chief executive officer; Sir Adam Ridley, chairman of the Names committee; David Rowland, Lloyd's chairman

Document explains how settlement might be organised

By Ralph Atkins

Lloyd's of London yesterday set out to answer a near impossible question – how to distribute fairly the limited funds available under its recovery plan among thousands of loss-making and litigating Names.

Its complex document – outlining broad principles rather than actual numbers – forms the latest stage of Lloyd's plan to break from its troubled past.

Lloyd's hopes to draw a line under its problems this summer. These have resulted in losses of more than £8bn ($12.3bn) in recent years. It hopes to end to Names' legal attempts to gain compensation for losses and plans to spin billions of pounds of US environmental and asbestos-related losses into a separate reinsurance company, Equitas.

The reinsurer would be funded from Names' resources (helped by the settlement offer) and provide "finality" – capping Names' liabilities and allowing them to leave the market. Names are individuals whose assets have traditionally supported the insurance market.

Compromise seems inevitable. Names' representatives insist that the £2.8bn settlement offer is insufficient. Mr David Rowland, chairman of Lloyd's, acknowledged that not everyone would be happy. "It is just not possible to do all the things that we wanted," he said.

Yesterday's document is about finding a workable means of distributing the £2.8bn fund. It is skewed, perhaps inevitably, towards helping litigating Names who, under the proposals, would receive 75 per cent of the total. The document proposes dividing £800m of the total among those defined as active litigants at the end of last year. Litigation expenses would be refunded to qualifying groups.

Names would then be awarded a proportion of their losses according to how far their cases had proceeded, reflecting the realities of legal life in which those who make it to court first win the biggest share of funds available for damages awards. Unlike the last attempt at an out-of-court settlement in 1993, there would be no attempt to weigh the strength of each legal action.

After handing out the £800m an additional £2bn in "debt credits" would be allocated to all Names in four tranches. The first, worth between £300m and £500m, would be given to those who suffered the worst losses in proportion to the size of those losses.

The second tranche, costing £200m to £300m is intended to reduce "finality" bills – the cost of drawing a line under Names' affairs – without giving advantage to the "won't pays" who have refused to pay debts despite having the funds to do so. It would be allocated *pro rata* to Names' finality bills, excluding unpaid called losses and sums owed to Lloyd's central fund.

The third tranche, worth between £1.1bn and £1.3bn, would cap at £100,000 the amount Names will have to pay for finality once funds deposited at Lloyd's have been exhausted. The final tranche, costing £100m to £150m, would be used to help those for whom a £100,000 bill would be impossible to pay.

Exotic derivatives 'less favoured'

A Bank of England survey on the over-the-counter derivatives market in the UK shows it to be larger than previously suggested, Antonia Sharpe writes. Yet most of the activity is in well established products rather than more "exotic" instruments.

The survey estimated that average daily OTC derivatives turnover in the UK in April 1995, the month chosen to give a snapshot of the market, was $74bn. Average daily turnover of foreign exchange-related derivatives was $278bn.

This means the UK had a 27 per cent share of the $270bn average daily worldwide turnover in OTC derivatives contracts and a 31 per cent share of the $892bn turnover in forex-related derivatives.

Derivatives are financial instruments which reflect the value of underlying financial assets. They are traded either on an exchange or between two counterparties on an OTC basis.

The survey is part of a global exercise carried out under the anspices of the Bank for International Settlements.

UK NEWS DIGEST

Shell faces island opposition

The States of Jersey, the island's parliament, will today vote on whether to revoke a property lease held by Shell, the Anglo-Dutch oil group, because of the company's involvement in Nigeria. Members of the States must vote on whether to extend Shell's lease for an aviation fuel storage facility at Jersey airport. Jersey is the largest of the Channel Islands between England and France.

Critics of the company say it is "unfit" to hold the lease because "it has blood on its hands" in Nigeria. The company said a vote to rescind the lease would be seen as a signal that Jersey "no longer wants Shell on the island." Mr Ken Soar, managing director of Shell's Jersey operations, said he "has every expectation that the lease will be renewed."

Senator Stuart Syvret, a member of the States, raised the issue of Shell's Nigerian involvement two weeks ago. Since then seven of Jersey's 53 elected representatives have publicly expressed support for revoking the lease. With no political parties in Jersey each legislator will be able to vote freely. Shell, which has operated on Jersey for 40 years, has 60 per cent of the island's petroleum market. It employs about 100 islanders.

Robert Corzine and Sue Stuart

Bonds profit returns

The UK's Gilt-edged marketmakers (Gemms), the official dealers in the government's debt, returned to profit last year after a disastrous year in 1994 when the sudden fall in bond markets caused them to lose £60m. But dealers were surprised that the operating profit of all 20 Gemms was not higher than the £13m published in the Bank of England's annual review of the UK government bond (gilts) market. The 1995 profit figure is particularly low compared with previous years. Gemms made profits of £59m in 1993 and £64m in 1992. "The 1995 number seems to suggest that some Gemms lost money again," said Mr Don Smith, gilts strategist at HSBC Markets. The Bank offered no clues as to which Gemms had made losses other than to say that "a profit was reported by nearly half the Gemms which were active throughout 1995".

Antonia Sharpe, Markets Staff

Manufacturers hold prices

Inflationary pressures in industry eased last month as raw material costs fell and manufacturers kept the price of goods at the factory gate unchanged for the first time in almost two years. The better than expected figures underlined the slowdown in manufacturing since the middle of last year, with weak demand making it difficult for producers to pass on price increases to customers. Factory output prices – excluding volatile food, drink tobacco and petroleum prices – were unchanged between December and January. This was the first time prices were unchanged since April 1994.

Graham Bowley, Economics Staff

Accountants scrap merger

Two of the UK's leading professional bodies for accountants have abandoned attempts to merge. The Chartered Institute of Management Accountants and the Institute of Chartered Accountants in England and Wales had asked members by questionnaire what they thought of the merger plan. The two hoped to put the issue to a vote in June. A series of joint meetings across the UK had appeared to indicate widespread support for the plan. But only 36 per cent of the chartered accountants replying backed the idea in contrast to more than 90 per cent of the management accountants.

Mr Keith Woodley, president of the chartered accountants, said: "The gap is too great; It's too big a hill to climb." Mr Alan McNab, president of the management accountants, said he would "draw breath" before considering what to do. The failure of the merger, the latest failed marriage among the six leading bodies, may signal a new period of co-operation short of merger. Last week the public sector accountants and the Scottish chartered accountants agreed a joint membership scheme.

Jim Kelly, Accountancy Correspondent

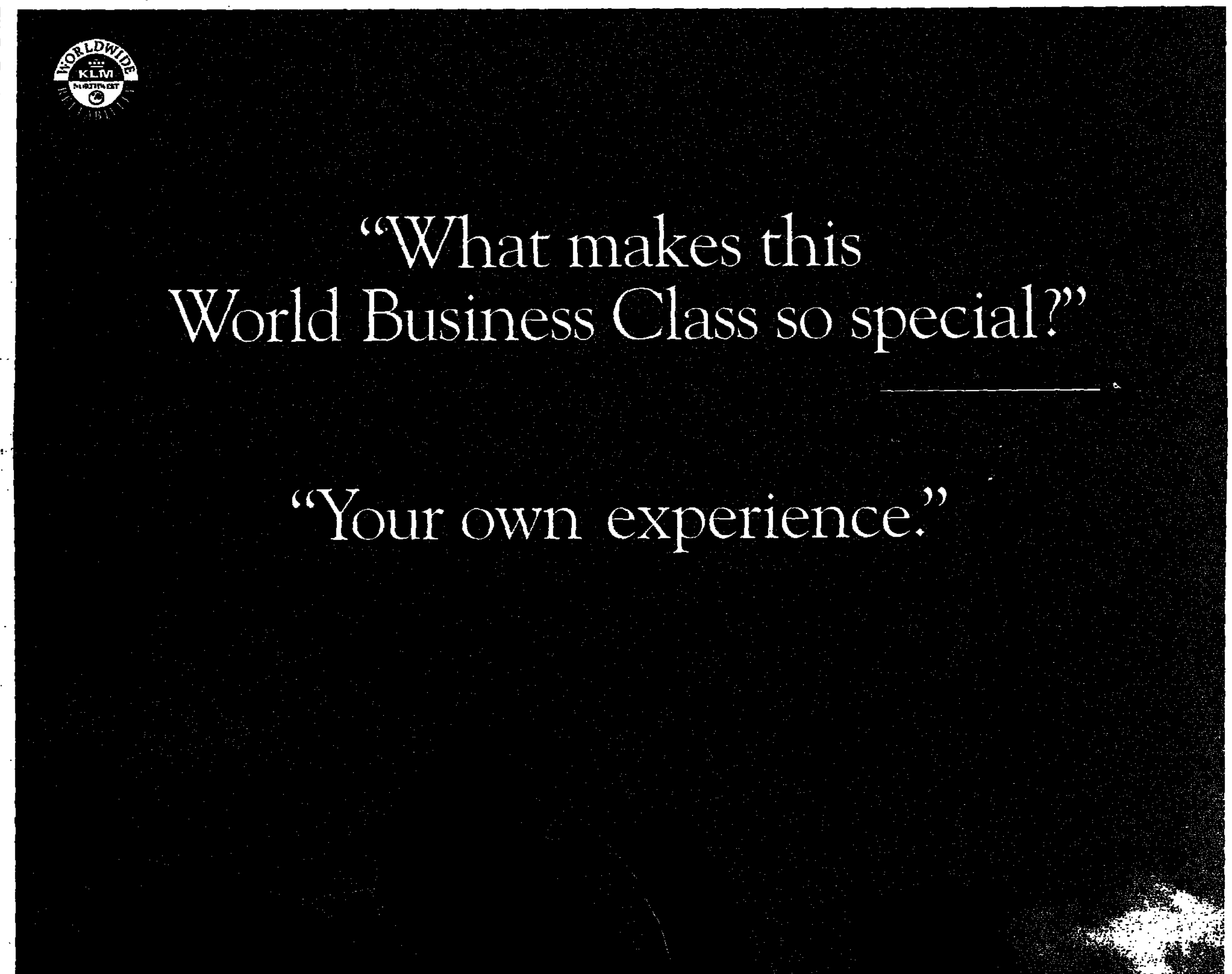
Soccer coach wins stay

Mr Terry Venables, the England soccer coach, won a postponement of the High Court case in London in which the Department of Trade and Industry seeks to have him disqualified as a company director. The case was adjourned to July 15 after the Football Association asked for Mr Venables to be allowed time to concentrate on managing the national team in the European championships. The department has levelled 19 charges of unfitness against Mr Venables regarding his directorships inside and outside football.

John Mason, Law Courts Correspondent

Surrogate birth: Doctors are planning the first surrogate birth on the state health service. A hospital clinic in south London is negotiating a deal under which a district health authority would pay for the procedure. Until now, surrogate arrangements by which a woman conceives and gives birth to an infertile couple's baby have been private.

Sheep alert: Police in the south-east England county of Kent are looking for a ram stolen from a couple who bought it from a shipment heading for the European mainland through the port of Dover. The owners of the animal, who have named it Dover, are strong opponents of the export trade in live animals from Britain.



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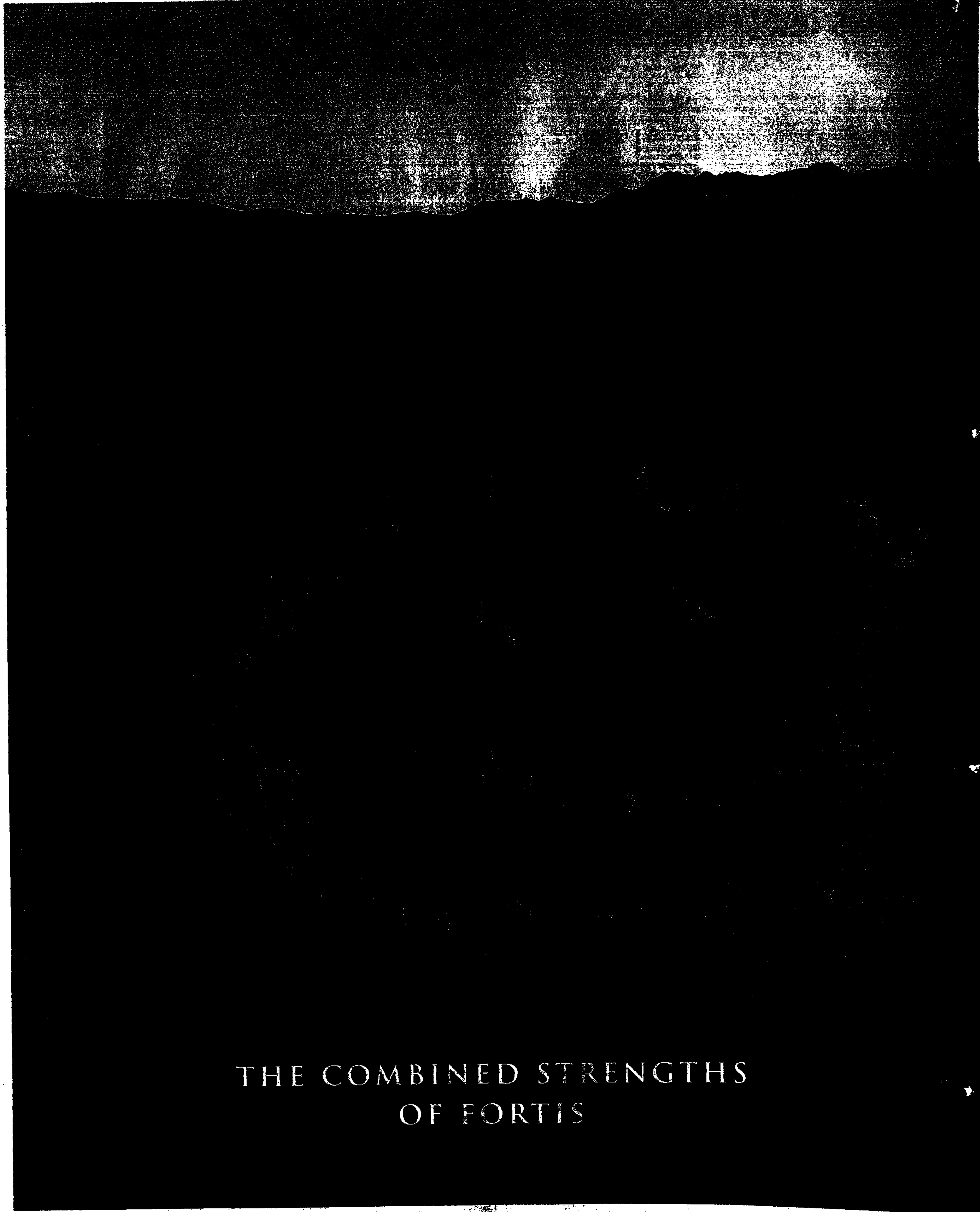

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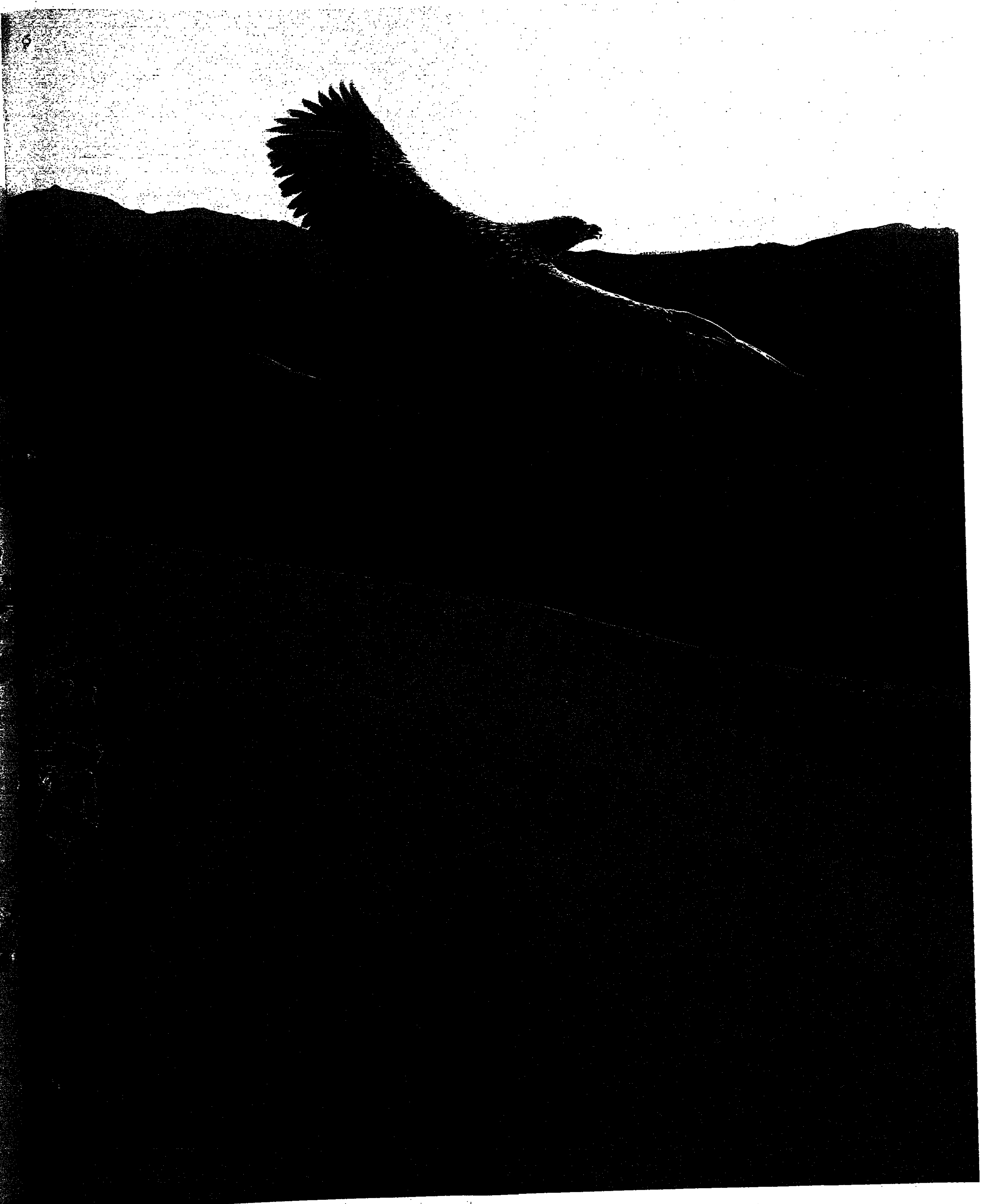

by doing so, feeding enthusiasm for further development.

This is one reason why Fortis in the United States enjoys a leading position in a number of specialized insurance market segments. In Spain, thanks to a joint venture with "la Caixa", Fortis is one of the largest life insurers.

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NEWS: UK

Time Warner and MAI to build $346m complex

By Raymond Snoddy, Scheherazade Daneshkhu and Alice Rawsthorn

Time Warner, the US entertainment group, and MAI, the UK media company, will today announce plans to invest £225m ($346m) in a theme park in Hillingdon, west London, which will include a movie and television studio complex. MAI is planning a £3bn merger with the United News and Media newspaper group.

The Hillingdon complex, to be called Warner Brothers Movie World, will include studio tours. It could be the first new movie studio complex to be built in Britain since the second world war. The complex is scheduled to open in 1999 and will have the potential to employ more than 3,500 people. It will be run as a 50/50 joint venture by the two companies. Time Warner and MAI are already involved in a successful similar scheme in Australia.

The UK Movie World will be based at a 62ha site which now houses sports facilities including a ski slope and an outdoor swimming pool. Those would be transferred to another site.

Planning permission will be required for the project because the site is on protected "green belt" land. Hillingdon Council is likely to support the project because of the employment potential.

The location is designed to exploit the skills of the large number of film and television professionals who live in the area, which is close to both Pinewood and Shepperton film studios and the BBC Television Centre.

The plan is part of the proposed merger between United, publisher of the Daily Express and MAI, which owns Anglia Television and controls Meridian Broadcasting. The plan is likely to attract attention from potential predators interested in intervening in the United-MAI deal.

The news of the Movie World project comes at a time of expansion for film and television production facilities in the UK. The number of films made in the country has risen recently as the financial strains on the domestic film industry have eased. A number of Hollywood studios have shot big-budget pictures in the UK, including GoldenEye, the latest James Bond film, and the forthcoming Mission Impossible.

Pinewood, the long established studio owned by the Rank Organisation, is already operating at full capacity. Shepperton, its long standing rival, is being renovated after being taken over by the Scott Brothers, Tony and Ridley, two of the UK's most successful film directors in Hollywood.

Plans were recently announced for a new production complex, Third Millennium Studios, on an old airbase in Leavesden, to the north of London, where GoldenEye was shot. The company behind the project is Millennium Group, part of George Town Holdings, a Malaysian concern. Despite these developments Time Warner and MAI are convinced that there is demand for additional studio capacity in the UK, particularly as the film production part of Movie World in Australia has been so successful.

Warner Bros, the film subsidiary of Time Warner which has produced a string of box office successes including the Batman series, would be expected to shoot some of its pictures at Hillingdon. Similarly MAI would use the studio for Anglia and Meridian, its television companies.

The Hillingdon venture will be the first big theme park investment in the UK since the £80m invested by the Lego group, the privately-owned maker of toy bricks. Its Legoland park at Windsor is due to open at the end of next month.

After the bomb

Banks in City say their security concerns have not increased ■ Bell CableMedia shifts 200 staff to suburb

Not the traditional London bobby: a policeman on patrol yesterday near the Canary Wharf tower in Docklands

'Our commitment to London undiminished'

By George Graham, Banking Correspondent

Banks and financial institutions said yesterday that their commitment to London as a financial centre had not been shaken by Friday's bomb in the Docklands area to the east of the City.

"It wouldn't have any effect on us," said Mr Peter Bürger of Germany's Commerzbank, chairman of the Foreign Banks and Securities Houses Association. "I think the City and City institutions have learned to deal with this situation."

A spokesman for Nomura International, the Japanese securities house, said: "We made a strategic decision to place our European headquarters in London, and bought the building we are in. Our commitment to London remains undiminished."

Even banks which have been directly affected by past terrorist attacks said their concerns had not been increased by Friday's bomb. Mr Ian Hosier, deputy general manager of Sanwa Bank, noted that his bank had been forced to move out of the Commercial Union building, which was devastated by a bomb in April 1992. "It directly damaged our building, and several of our staff were injured. We're still here," he said.

Mr Hosier said that gas attacks in the Tokyo underground railway and bombings in Paris and New York had made it clear that nowhere could be considered completely safe. "The position of London is that it is such a crucial financial centre, along with Tokyo and New York, that we do not think it's possible for us not to be represented here," he said.

One big investment bank, Lehman Brothers, was hit by Friday's Canary Wharf bombing, but not in its main securities operations.

"It is too soon to say what the effect of the bomb will be, but new investment is always very mobile," said Mr William Tosh, chairman of the Chamber of Commerce in Northern Ireland and chairman of ICB Emulsions. "Investors may now well hold back and watch what is going to happen. It is a pity that this has happened just when Northern Ireland has established itself as a place for foreign investment along with [the Republic of] Ireland and Scotland." There are 195 non-UK-owned companies in Northern Ireland accounting for 44,000 jobs, or 10 per cent of the workforce. Harris Laboratories, whose US parent is based in Nebraska, is involved in clinical pharmaceutical research in west Belfast. It employs 50 people and is expanding. Ms Clare Smith, site manager for Harris said: "It should not make much difference to us. We established ourselves here five years ago when things were pretty difficult. We have established a firm client base throughout Europe and we'll carry on."

Lehman had to trigger its emergency plans with CDR, the disaster recovery company, and moved its Platform Home Loans subsidiary to temporary accommodation near Kings Cross in central London in the wake of the bomb.

Most bankers said that the security risk was just one among a number of second-tier factors in assessing whether to locate financial operations in London. "These decisions are more affected by the banking environment than by the security environment," said one German banker. "Frankly, I think the state of the Underground [railway] is more of a factor than the bomb risk," quipped another.

'There is nothing left of our computer system'

By Simon London, Property Correspondent

Companies worst hit by the South Quay bomb were trying to beg, lease or borrow alternative accommodation yesterday.

Bell CableMedia, the telecommunications company which occupied a low-rise building directly opposite the blast, was one of the few tenants in the immediate area with contingency plans.

Most of the 200 staff who worked at Enterprise Business Park have been relocated to another Bell site at Waltham Park in the east London suburbs where space had been left available in case of an emergency. Bell said its telephone services were not affected by the blast. Sensitive electronic equipment was housed in a reinforced room in the otherwise wrecked building.

Other companies faced more serious disruption. Staff at Reed Employment, the employment agency which occupied a unit in South Quay Shopping Centre, were yesterday trying to piece together their records. "There is nothing left of our computer system. Its back to old fashioned paper and pens," said Ms Katy Nicholson, Reed's spokesman.

In its search for alternative offices, Reed was able to count on the generosity of one of its clients. NBC, the cable television company, has agreed to accommodate Reed's six local staff in surplus space until they can find an alternative.

With about 30 per cent of Docklands' office space vacant before the bomb, most companies were able to find alternative accommodation. Builder Group, the publisher, found alternative space on Saturday. Yesterday morning it was starting to operate from a previously empty property in Marsh Wall.

"We met them on site at 3pm and they had the keys by 7pm," said Mr Rod Parker of Knight Frank, one of the chartered surveying firms helping to house displaced tenants.

However, bigger tenants were finding it more difficult to find alternative offices. With hundreds of staff to relocate – possibly for up to two years depending on the extent of the damage – large employers were anxious to make the right decision.

The government's Radio Communications Agency, which recently finished fitting out its new 10,000 sq m offices in South Quay, was yesterday looking at other sites in central London. One option is for it to move into one of the central London office buildings vacated by government departments.

Franklin Mint, the direct marketing company, was as also looking for space to replace its 100,000 sq ft South Quay building.

Minister aims to convince investors

By Robert Taylor, Employment Editor

The government is launching a campaign outside Britain to try to convince potential investors that the country has the most successful labour market of any comparably sized state in the European Union.

Mrs Gillian Shephard, the education and employment secretary, intends to visit Paris this week with a pamphlet which claims that the UK has one of the lowest unemployment and highest employment rates in the EU.

It says that last December unemployment was 8.6 per cent in the UK and Germany compared with 11.6 per cent in France and 12.6 per cent in Italy. It says 68 per cent of working-age population are in employment in the UK compared with 65 per cent in Germany, 59 per cent in France and 51 per cent in Italy.

"Compared to our EU neighbours we are doing rather well," Mrs Sheppard said yesterday. "We have more people in work and less people unemployed than virtually any other major EU country."

Mrs Shephard claimed that excessive regulation in other European labour markets was putting people out of work and that the social chapter of the Maastricht treaty and the existence of a national minimum wage were adding to their problems.

"Britain has fewer regulations which can add to the cost of employing people and deter employers from the recruiting extra staff as sales and output rise", says the pamphlet.

The rosy picture of the British labour market painted by the government was attacked last night by Mr Michael Meacher, the opposition Labour party's shadow employment secretary.

He pointed out that between 1979 and 1994 there had been a net fall of 0.1 per cent in the size of the UK's employed workforce compared with a net increase of 33 per cent in Germany and 36.3 per cent in the Netherlands.

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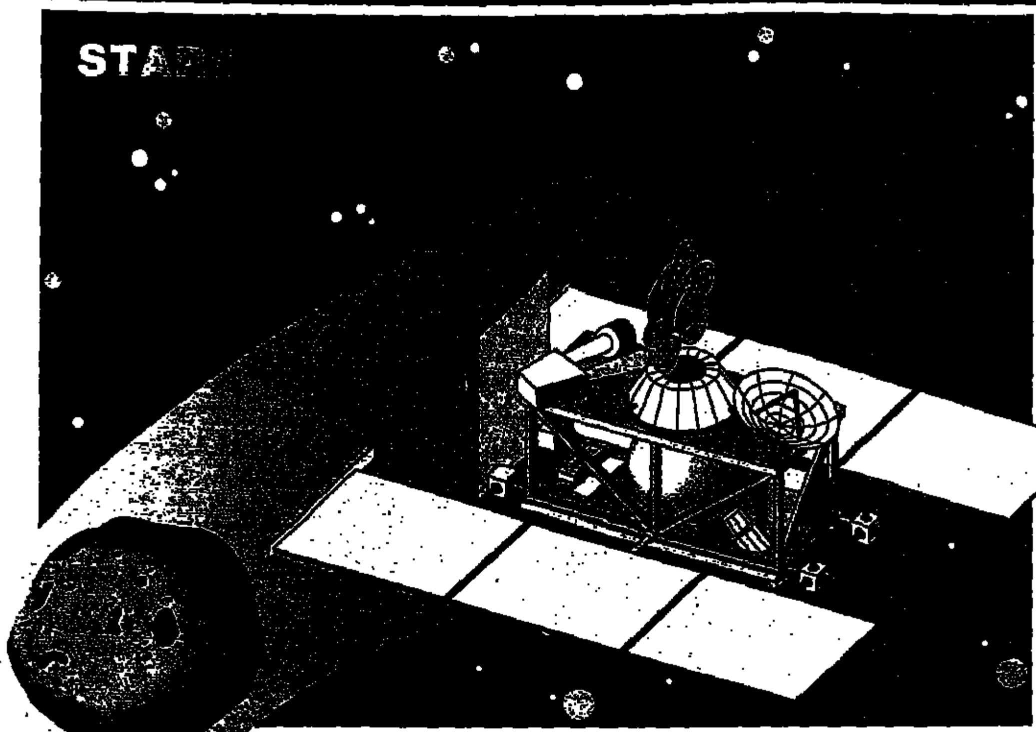


Catching the comet

A Nasa space probe may give new clues to the origins of the solar system, reports Leonard David

Stargazers have long been intrigued by comets, those cosmic wanderers from beyond the orbits of Neptune and Pluto. But scientists want to know more about them too, as comets are icy preserves of the chemistry used to form the solar system.

Early in the next century, if all goes according to plan, they will have their chance. A Nasa space probe will be despatched to gather comet material from one of these vagabonds of the void, then return the sample to earth for detailed inspection.

As many as a thousand billion comets are thought to exist in the furthest reaches of the solar system. Residing in a region called the Oort Cloud, the gravitational tug of passing stars sends them inwards toward the sun. Once bathed in sunlight, these clumps of ice, rock and dust form long tails many millions of kilometres long.

Some scientists not only believe a comet was responsible for the extinction of earth's dinosaurs, but also that they were part of the process that led to the creation of life on earth.

It is no wonder, therefore, that scientists are eager to gain a first-hand look. The European Space Agency is set to have its automated Rosetta spacecraft survey comet Wirtanen in 2011. Once orbiting the comet, Rosetta will then place robot surface landers on the ancient clump of icy rubble a year later.

But the Nasa programme, for which the go-ahead was given late last year, is sure to prove a valuable pathfinder for the Rosetta mission.

Nasa's multibillion-dollar missions are nearly over because of ever-tighter space budgets. The comet probe, called Stardust, is a Discovery-class spacecraft, one of the space agency's new breed of cheaper, faster automated craft. Under construction at Lockheed Martin Astronautics in Denver, Colorado, it will weigh just 250kg, and the whole mission is expected to cost just under $200m (£130m).

Stardust's mission begins with a lift-off scheduled for February 1999. Its target is comet Wild-2. The probe will capture two types of particles: dust grains from the cloud of particles, or coma, that surrounds the comet, as well as grains streaming into the solar system from interstellar space.

These interstellar grains are particles that are formed around other stars, ie stardust. Hence the name of the mission.

Stardust will reach Wild-2 in January 2004, and will rendezvous with the comet when it is roughly 280m km from the sun. The spacecraft will zip by the comet at a distance of 100km, collect samples of dust, then head towards earth. A return capsule holding its precious cargo is to parachute to earth and land on a dry Utah lake bed in January 2006.

Stardust's chief comet-catcher is Donald Brownlee, a scientist at the University of Washington in Seattle. "The materials we expect to capture and then study on earth are the initial building blocks of planets both in our solar system and in other planetary systems in the galaxy."

Brownlee points out that Stardust carries a secret weapon. "The capture technique for collecting the comet and interstellar dust samples is unusual. It requires a magic material, an enabling technology that makes the whole mission possible," he says.

The odd, fluorescent material is called aerogel. It is porous, and somewhat like glass in that it is made of silica, a pure form of sand. It does not absorb moisture, but can soak up large amounts of gas or particle matter. The lightweight aerogel is the lowest bulk density material made in the world.

Sheets of the aerogel about 1cm thick are designed to pop out of Stardust. They will snag as many as 1m particles of interstellar dust and comet material while the spacecraft whizzes through space.

The velocity of the particles hitting the aerogel will be some 20 to 30 times the speed of a rifle bullet, notes Peter Tsou, Stardust's deputy principal investigator at the Jet Propulsion Laboratory in Pasadena, California.

Tsou is concocting batches of the aerogel for Stardust. When a speeding particle strikes the aerogel, it creates a very long, cone-shaped track as it slows and stops. Catching the particle fragments in the aerogel should leave them unmelted and unvaporised. That process has been dubbed "intact capture" by Tsou.

Once Stardust has made its run at the comet, it will retract its aerogel plates into a re-entry capsule. "The value of those particle fragments is like pieces of an old vase for an archaeologist. Digging up those chips, that archaeologist can reconstruct the whole vase," Tsou says.

During its close flight past of Wild-2, Stardust will also snap sets of images with a camera and take other measurements. Numbers of "head shots" of the comet nucleus should reveal features just a few metres across. A special dust shield protects Stardust from destructive collisions with comet material during the close encounter.

Scientists expect images with 10 times the clarity of those taken of comet Halley by the European Space Agency's Giotto spacecraft in 1986.

After nearly seven years of trekking through space, Stardust's trajectory will return it near earth. The spacecraft will then release a 20kg re-entry capsule holding the specimens of comet dust and gases, as well as interstellar dust in a sample vault.

The capsule's coating of a sophisticated carbon-based material and its shape will help beat the heat as it plunges through earth's atmosphere. Inside, the contents will feel no higher temperature than 50°C.

Once landed the real work will begin. Extricating Stardust's prize catch, various micron-sizes of particles embedded in the aerogel, will be demanding.

An array of electron microscopes, spectrometers, and other devices in laboratories around the globe are to be used.

From these tiny particles, it is hoped that new information can be realised concerning the big picture – fresh evidence regarding how the solar system was formed and, perhaps, new clues to the origin of life.

Cosmic collision that could end humankind

Miranda Eadie on arguments that more should be done to prevent large meteorites reaching earth

Up to $20m (£13m) should be spent each year designing systems to protect the earth from a cometary collision that would wipe out the human race, says Edward Teller, a leading arms expert and authority on cometary impacts.

"A comet 10 miles across hit the earth 65m years ago, killing two-thirds of all species and bringing the age of the dinosaurs to an end," says Teller, director emeritus at the Lawrence Livermore National Laboratory in California. "I believe there is a one in a million chance of a similar incident occurring in our lifetime."

An even greater threat to humankind in terms of frequency of impact is bombardment by comet fragments. A chunk as little as 50m across would cause destruction equivalent to a large nuclear bomb.

In 1908 the 100m Tunguska meteorite flattened more than 1,000 sq miles of forest in Siberia. Comet experts estimate that such events occur once every century or so. Had the meteorite fallen on a city such as New York, millions of people would have been killed.

"The most likely damage will occur when a meteorite like Tunguska hits an ocean within 100 miles of shore," says Teller. "It would stir up monster waves that would wipe out the entire coastal population – a possible 30m people if it happened off the US or Japan.

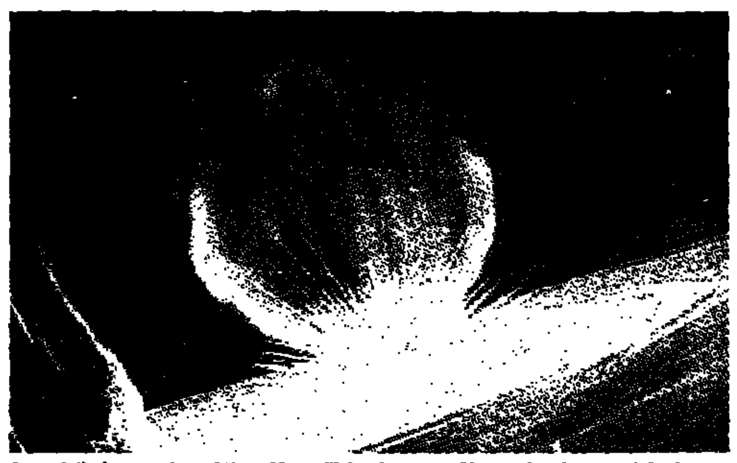
The cratered landscape of the moon shows the damage comet impacts can make.

Craters are not so evident on the surface of the earth because geological processes such as weathering have erased them. Also, the earth's atmosphere means that normally only meteorites measuring more than 10m across have a chance of reaching the surface without burning up.

But some small fragments do reach the ground, such as the 12kg meteorite that punched a hole in a car in Peekskill, New York, in 1992.

There are also the 150 tons of fragments which fell over a 2km swathe in the Sikhote-Alin Mountains of eastern Siberia in 1947, creating at least a 100 craters a few metres in diameter.

The larger fragments would have hit the ground with a force comparable to that of a car falling at supersonic speeds. According to Nasa, such instances occur once every decade although most occur at sea and are not reported.



An artist's impression of the 1994 collision between Shoemaker-Levy and Jupiter

The probability of larger fragments reaching earth is smaller. Meteorites that are at least 1km wide hit the planet once every 1m years while 10km meteorites come once every 50m to 100m years.

Nasa claims there are more than 100 ring-like structures on earth recognised as impact craters. These include the 180km-wide Chicxulub Crater in the Mexican state of Yucatan, probably caused by a 10km-wide asteroid, which is thought to have wiped out the dinosaurs. "It is speculated that the greatest damage was caused by the dust clouds thrown up by the impact. These clouds blocked out the sunlight causing plants, then herbivores and finally carnivores to die," says Teller.

He believes scientists should be tracking comets and asteroids to predict collisions, sending up probes to learn about their composition and testing whether violent impacts – such as nuclear explosions – could alter their orbits. "We could have as little as three months' warning if a comet was heading towards earth," Teller says. "If we do not know in advance how to deflect it the situation would be very problematic."

The use of nuclear and non-nuclear interceptors to deflect oncoming objects or smash them into bits that would burn up in the earth's atmosphere was discussed at a planetary defence workshop in California last year.

One method proposed was to use a solar collector to heat a spot on an asteroid or comet. This would vaporise part of the object creating a jet of gas that would push it off-course. A nuclear device that would require the equivalent of 1bn tons of TNT to pulverise a 100-ton asteroid was also discussed.

Public awareness of the threat of cosmic objects colliding with earth has increased recently, not least because of the spectacular collision between fragments of comet Shoemaker-Levy and Jupiter in 1994.

Added to this is the geological evidence – uncovered as recently as the 1970s – which backed up the theory that a cometary collision with earth was responsible for wiping out the dinosaurs.

A quantity of iridium, a predominantly extra-terrestrial element equivalent to what would be contained in a 10km asteroid, was found at the cretaceous/tertiary boundary in the rock strata, which marks the end of the age of the dinosaurs.

But nuclear disarmament activists are sceptical. Some believe public fear of cometary impacts has been aroused in order to justify maintenance of nuclear weapons. The sceptics question whether a large nuclear arsenal might not pose a greater threat than the comets and asteroids.

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LAW

Part-time work discrimination

EUROPEAN COURT

Failure to pay compensation to part-time workers for attending a staff council training course was capable of constituting indirect sex discrimination contrary to the Treaty of Rome, the European Court of Justice ruled last week.

The case was brought by Ms Johanna Lewark who was the only part-time worker on the staff council of a dialysis centre in Germany.

In 1990 she attended a five-day staff council training course. Under German law staff council members must be released to attend such courses without loss of pay.

The full-time workers were paid their normal salaries and Ms Lewark was paid for four days, which was her contractual working period. She brought an action against the company in the local labour court on the grounds that failure to pay her for the fifth day amounted to sex discrimination under European law.

The court upheld her complaint. On appeal the Federal Labour Court also found in her favour but said staff council functions did not constitute work within the Rome Treaty terms and that as the relevant provisions only referred to *equal pay for equal work they* could not have been breached.

The court also said that as all workers, full and part-time were protected in the same way against loss of wages as a result of attending such courses, it could not be said that full and part-time workers were treated differently. As the European law position was unclear, however, it referred the case to Luxembourg.

The European Court of Justice first recalled that legal concepts and definitions established by national law could not affect the interpretation or binding force of European law.

The concept of pay under the treaty equal pay provisions comprised any consideration, in cash or kind, providing it was received, albeit indirectly, in respect of employment.

As to serve on a company's council, one had to be employed by that company, the court said the compensation received for loss of earnings due to attendance of staff council training courses constituted pay within the terms of the relevant treaty provisions.

The court also recalled that unequal treatment arose whenever the overall pay of full-time employees was higher than that of part-time employees for the same hours worked.

The court said it was indisputable that where training was organised during full-time working hours but outside individual hours of part-time workers, the overall pay received by the part-timers was lower on an hourly-basis than that received by full-timers.

Given that there was a difference in treatment between full-time and part-time workers and given that the majority of part-time workers were women, the court said the application of the national laws caused indirect discrimination against women workers contrary to the treaty.

The German government argued that if a difference in treatment were found to exist it was objectively justified on the ground that staff council members were unpaid to ensure they retained independence and this constituted an aim of national social policy.

The court said the concern to ensure the independence of members of such councils was a legitimate social policy aim.

Case law showed that where a member state could show that a given measure reflected a legitimate and proportionate aim of social policy then the fact that it affected more women than men could not be regarded as a treaty breach.

However, measures such as those in issue were likely to deter part-time workers, mainly women, from sitting on councils and, in the light of that, the court said it was for national courts to decide whether national provisions were justified or not. If they were not then they would be contrary to treaty equal pay rules.

C-457/93: Kuratorium für Dialyse und Nierentransplantation v Lewark, ECJ FC, February 6 1996.

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INTERNATIONAL PEOPLE

Bertarelli hands reins to his son

Fabio Bertarelli, one of Switzerland's wealthiest businessmen, has decided to take life a little easier. After 30 years building Switzerland's fourth biggest pharmaceuticals company, the 71-year-old Bertarelli has made his son Ernesto (above) chief executive of the family's Geneva-based Ares-Serono group, the world leader in the treatment of infertility.

Ares-Serono was founded in 1906 and based in Italy until 1976. Under Fabio Bertarelli turnover has risen from $10m to nearly $700m and the group now regards itself as a leading biotechnology stock, selling its products in over 90 countries. Ernesto, 30, is Swiss- and US-educated, with a science degree from Babson College and an MBA from Harvard. He has been deputy chief executive since October 1990. His father will now serve as vice chairman and Hans Thierstein will continue as chairman. *William Hall*

Cramer goes to CNN

One of the UK's leading television *news executives is to become vice* president and managing editor of Ted Turner's CNN International in Atlanta. *Chris Cramer, who has* worked at the BBC for the past 25 years, since 1991 as head of news gathering, will also become a member of the CNN executive committee.

Cramer has overseen the BBC's coverage of major stories such as the Brighton bomb attack on Mrs Thatcher and other members of the British cabinet, the Ethiopian famine, the Gulf War and the conflict in Bosnia. "There are only two truly global news broadcasters – CNN and the BBC," says Cramer, who joins CNN in April. *Raymond Snoddy*

Larson moves on

Stephen Larson, 47, a former senior Boise Cascade executive in the US, has resigned as president and chief operating officer of Domtar, the Canadian pulp and paper and building materials group. He is to be become president and chief operating officer of Repap Enterprises, one of north America's top coated paper producers with mills in Canada and the US.

Larson has been with Domtar for five years and oversaw its restructuring in the early 1990s and the sale of non-essential assets following heavy losses due to the north American recession. Domtar is about 40 per cent owned by two agencies of the Quebec government. Larson will leave in May and Gilles Blondeau, Domtar's chairman, will assume Larson's responsibilities until a replacement is found. *Robert Gibbens*

Woodside Petroleum

John Akehurst, 47, a Royal Dutch Shell group veteran, is to be the next managing director of Woodside Petroleum, operator of the giant North West Shelf gas project off Western Australia. Akehurst's appointment underlines the strong links between Woodside and Royal Dutch Shell, its biggest shareholder.

Akehurst, who was educated in Britain and joined Shell in 1976, succeeds Charles Allen – another Shell veteran – who has been Woodside's chief executive for the last 16 years. Under Allen, Woodside has been transformed from a speculative exploration stock into a financially strong Australian oil and gas company. Allen retires in April, when he reaches the age of 60.

Akehurst comes from the upstream side of Shell's business. Since June 1994 he has been seconded to Woodside as executive general manager of Woodside's operating subsidiaries. He has had to resign from Shell to take up his new job at Woodside's headquarters in Perth. *William Hall*

Gates picks Barad

Jill Barad (left), president and chief operating officer of Mattel, the toy giant most famous for its Barbie dolls, is one of the coming women of US big business. She has reinvigorated the sales of Barbie dolls, Mattel's oldest mainstream product, and is now taking Barbie into the computer age. Mattel is transferring her wardrobe and make-up kit onto a set of CD-Roms. Mattel's young customers will now be able to use their home computers to dress and groom their Barbie dolls. Barad has certainly captured the attention of Microsoft's Bill Gates. He has given her a seat on his board.

Diplomat turns banker

Dame Pauline Neville-Jones, 56, the most senior woman in Britain's Foreign Office, is following Britain's former foreign secretary Douglas Hurd, and joining NatWest Markets, the investment banking arm of the UK bank.

Her appointment follows weeks of speculation that she would quit because she was not promoted to the one job she prized, as British ambassador in Paris. But before she takes up her post as a managing director of NatWest Markets, Dame Pauline has one last mission to undertake.

She has been appointed senior adviser to Carl Bildt, the high representative in charge of the civilian aspects of the Bosnian peace accord. She will join NatWest no later than the end of June.

Unlike Hurd, she will be a full-time employee at NatWest Markets. Her basic salary is understood to be less than £200,000, but she will have the potential to earn considerably more with bonuses. NatWest Markets said that she would take a "leading role in developing the firm's international strategy as it relates to governments and government agencies". *William Hall*

ON THE MOVE

■ Fran Engoron, 47, has become the first woman to join the top management team of PRICE WATERHOUSE LLP, the US arm of the worldwide accounting organisation. She *has been appointed senior* partner, intellectual capital – PW's term for its staff.

■ Gunnar Grenlin, 51, head of the Asia division of SKF, the Swedish bearings group, has been appointed deputy managing director.

■ Jim Heagle joins ENGLISH CHINA CLAYS as president of its Calgon Society Speciality Chemicals unit in Pittsburgh. He spent 24 years at Mobil Chemicals.

■ Giuliano Gnagnatti, the UK managing director of MERLONI ELETTRODOMESTICI, Europe's fourth largest white goods manufacturer, has left the company.

■ Roger Best is appointed general manager of REEBOK NORTH AMERICA and Arthur Carver becomes senior vice president of operations and logistics. Best is currently vice president of the Northern European region and general manager of Reebok UK, and Carver has been vice president of operations development worldwide.

■ Lothar Wackerbeck, 46, has joined the management board of BERLINER BANK.

■ Dettbold Aden, a member of the board at Thyssen Handelsunion, is appointed supervisory board chairman at BAHNTRANS.

■ Tom Mockridge, 40, a former adviser to Australian prime *minister Paul Keating,* becomes general manager, administration and a director of *NEWS LIMITED*. Mockridge joined the personal staff of the then Treasurer, Paul Keating, in 1984 as press secretary. He joined News Limited in 1991 as an executive in the group corporate office.

■ Terry Francis is to head BANKAMERICA's Australian operations following the departure of Barry Brownjohn at the end of February. Brownjohn, who has been with the bank for 23 years, is leaving to establish an investment management firm.

■ Erich Hampel has been promoted from deputy governor to governor of Austrian post office savings bank OESTERREICHISCHE POSTSPARKASSE, succeeding Kurt Noesslinger.

■ Riccardo Ruggero has been named managing director of INFOSTRADA, a telecoms joint venture between Italy's Olivetti, Bell Atlantic of the US and France Telecom. Ruggero joined Olivetti in 1990. Last November Olivetti announced the joint venture *to set up* Italy's second major telephone network.

■ Arnold Marks, 57, becomes general manager, operations for GTE China. Since 1992 he has been director, operations support, international.

■ Juho Mäkinen, senior vice president – technology, joins the executive board of Finland's Outokumpu. He will focus on the utilisation of technology in the group's processes.

■ Aarre Metsavirta, a deputy member of the board of ENSO-GUTZEIT OY, has left the company.

■ Meyer Kahn, chairman of South African Breweries, has taken over as deputy chairman of the four listed companies of LIBERTY LIFE GROUP, following H. P. de Villiers' retirement.

■ Thomas Trebat, head of emerging markets research at Chemical Banking Corp, is leaving the bank to head the emerging markets fixed income group at CITICORP.

■ Xavier Michon is named director of private fund management at BANQUE PARIBAS in France.

■ Robert Elstone, former chief financial officer of Air New Zealand, becomes finance director of building materials and petroleum group PIONEER INTERNATIONAL.

■ Aurelian Bukatko is appointed director - global currency management at LEAR SEATING CORPORATION. He joined Lear in 1991 as director of finance for international operations. He will relocate from Germany.

■ Nicholas Paumgarten has become co-head of J. P. MORGAN's mergers and acquisitions group, joining Joseph Walker. Edward Kelly will succeed him as co-head of the financial institutions and real estate investment banking group. Rachel Robbins succeeds Kelly as general counsel and secretary.

■ Phillip Eustace, former finance director of Avis Rent-a-Car in Australia and New Zealand, takes the newly created position of chief financial officer for WILSON AND HORTON.

■ Gilbert Canameras is appointed deputy finance director at SCHNEIDER ELECTRIC.

■ Kevin O'Shea becomes vice president, corporate treasurer of BELL & HOWELL COMPANY. Before joining Bell & Howell, he was corporate treasurer of Spencer Stuart & Associates and a former treasurer for the Pritzker family.

■ Aarre Metsävirta, 50, becomes head of the printing papers division and senior executive vice president of METSA-SERLA. Ari Antsalo, 53, is appointed managing director of MD Papier, based in Dachau, Germany.

■ William Powers has become a vice president of FORD MOTOR COMPANY.

■ THE INTERNATIONAL FINANCE CORPORATION has announced two moves in its infrastructure department. Assaad Jabre becomes director, infrastructure and Rauf Diwan becomes manager, power division. Jabre, a Lebanese national who joined the IFC in 1980, replaces Everett "Sam" Santos, who left to take up an appointment in the private sector. Diwan, a Pakistani national who joined IFC's Asia department in 1977, replaces Vijay Chaudhry, who has also joined the private sector.

■ Ingrid Iversen is appointed UBS SECURITIES' New York-based vice-president in charge of Latin American debt strategy. She joins from Deutsche Morgan Grenfell in London, where she was a senior economist.

■ Trond Andresen, 47, becomes senior vice president for corporate communications at Norway's KVAERNER group, replacing Atle Kigen, 37. Andresen joins from Burston-Marsteller in Frankfurt.

■ Paul Ballmeier, chairman of the Lemförder Group and chief executive of the chassis technology division, joins the ZF FRIEDRICHSHAFEN board as director of finance & controlling. Bernd Habersack succeeds him in his old job.

■ James Pilla appointed senior vice president at MERCANTILE AND GENERAL REINSURANCE, America, with responsibility for facultative operations. He was previously vice president, alternative financial products, at CNA Insurance Co, New York.

■ Lee Fensterstock, 48, is appointed chief financial officer at GRUNTAL FINANCIAL CORP. He previously worked for PaineWebber for 10 years and Citicorp for 15 years.

■ Patrice Lucas becomes head of development and organisation at LAFARGE, replacing Dominique Hoestlandt, who moves as deputy managing director to Lafarge Betons Granulats.

International appointments

Please fax announcements of new appointments and retirements to +44 171 873 3926, marked for International People. Set fax to 'fine'.

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CONTRACTS & TENDERS

TENDERS FOR ORGANISATION AND MANAGEMENT SURVEY IN THE OFFICE OF THE CHIEF STATE SOLICITOR

TENDERS *are sought for the appointment of* Consultants for the purpose of carrying out an organisation and management survey in the *Office of the Chief State Solicitor.*

TERMS OF REFERENCE

The Review of the Organisation and Management of the Office of the Chief State Solicitor including works system, management, *staffing and administration.*

INVITATION TO TENDER

Available on application to the undersigned.

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COMPANY NOTICES

KNIGHTS CHARTERED ACCOUNTANTS
17 Highfield Road, Edgbaston, Birmingham, B15 3DU

Mr R J Orme FCA MSPI is retiring from business as an accountant and insolvency practitioner. Mr Orme decided for health and other personal reasons, not to renew his annual subscription for his insolvency licence and therefore surrendered his licence to comply with regulation 2.01 of the Institute of Chartered Accountants. Mr Orme will in the future act as a consultant to a limited portfolio of clients.

Knights Chartered Accountants ceases trading as from the close of business Friday 16th February 1996. All business matters will be concluded by March 22nd 1996.

The other members and employees of the firm have made arrangements for their professional future and all clients have been informed.

LEGAL NOTICES

COMPANIES ACT 1985
THE BAG COMPANY LIMITED
NOTICE IS HEREBY GIVEN in accordance with Section 175 of the Companies Act 1985 that:-
1. The above-named Company ("the Company") has approved a payment out of capital for the purpose of acquiring its own shares by purchase.
2. The amount of the permissible capital payment for the shares in question is £10,000.
3. The date of the resolution for payment out of capital is 4 February 1996.
4. A statutory declaration and auditors' report, as required by Section 173 of the Companies Act 1985, are available for inspection at the Company's registered office, and;
5. Any creditor of the Company may at any time within the five weeks immediately following the date of the resolution for payment out of capital apply to the Court under Section 176 of the Companies Act 1985, for an Order prohibiting the payment.

T J PATEMAN Director
Dated 13 February 1996

In the matter of
Hall Harford Jeffreys Langdale Ltd
(In liquidation)
and
In the matter of the Insolvency Act 1986
Notice is hereby given that Anthony James McMahon of KPMG Corporate Recovery, PO Box 730, 20 Farringdon Street, London EC4A 4PP United Kingdom and Anthony Brittain Thompson of the same address were appointed joint liquidators of the company on 24 January 1996.
Date 9 February 1996
Anthony James McMahon
Joint Liquidator

To Advertise your Legal Notices please contact Lesley Sumner on
Tel: +44 0171 873 3308
Fax: +44 0171 873 3064

THE INSOLVENCY ACT 1986
CO-ORDINATED LAND AND ESTATES LIMITED
LONDON & TELFORD DEVELOPMENTS LIMITED
LONDON AND CLYDEBANK PROPERTIES LIMITED
LONDON & WITNEY DEVELOPMENTS LIMITED
CRESTON ESTATES LIMITED
KINGBOND ENGINEERS LIMITED
WATCHSCOPE LIMITED
NOTICE IS HEREBY GIVEN pursuant to section 98 of the Insolvency Act 1986 that a meeting of creditors will be held at 1030 hours on Monday, 19 February 1996 at The Wilton Room, Grosvenor Hotel, 101 Buckingham Palace Road, London SW1 0SJ for the purposes mentioned in sections 99, 100 and 101 of the said Act.
Creditors wishing to vote at the meeting must lodge a proxy, together with a statement of their debt, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU not later than 1200 hours noon on Friday, 16 February, 1996.
A list of the names and addresses of the company's creditors will be available for inspection, free of charge, at the offices of Robson Rhodes, 186 City Road, London EC1V 2NU on Thursday, 15 and Friday, 16 February 1996 between the hours of 10.00 and 16.00 hours.
Dated this 6 February 1996
MRS W J CHURCHILL-COLEMAN Secretary

CONTRACTS & TENDERS

ENTE MINERARIO SICILIANO (Sicilian Mining Authority)

Abstract of Call for Bids for the Sale of Equity Interests

EMS (Ente Minerario Siciliano), Via Ugo La Malfa No 169, 90146 Palermo, Italy, *an Authority subjected to the tutelary control of the Sicilian Region*

INVITES

interested private individuals or corporate bodies of any nationality, either singly *or in association but with joint responsibility, to present proposals for the* acquisition of the controlling equity interest (51%) in the corporate capital of the *Società Italiana Sali Alcalini ITALKALI S.p.A.*, with seat in Palermo, Via Principe Granatelli No 46.

The offers, containing a brief professional profile of the presenter, must refer to the entire controlling interest and must be irrevocable until 30 June 1996.

EMS is under no obligation to accept the offers or to justify failure to accept them, as it has complete and absolute freedom of choice, without any obligation towards the presenters, also in relation to any expenses that may have been incurred.

Offers must reach the seat of the Authority by *30 April 1996* in order to be taken into consideration.

A specially prepared information booklet will be sent to those whom EMS considers suitable for admission to the procedure of assignment and who, before the deadline established by the Authority, have undersigned and returned an undertaking of confidentiality, together with a report containing a description of their activities and their motivations and programmes as regards investment and the reabsorption of staff in a state of mobility.

This notice does not constitute a public offer as per Art. 1336 of the Italian civil code nor is it an invitation to public saving as per Law No 216/1974 and later modifications. It is subject to Italian law, as also the procedure of assignment.

All controversies arising herefrom will be heard exclusively before the Court of Palermo.

The full text of the call for bids presented in this abstract will be published in the Official Gazette of the Sicilian Region parts II and III No 7 of 17 February 1996 and in the Official Gazette of the Italian Republic part II No 40 of 17 February 1996.

The Italian text of the call for bids will have priority over any other version published in foreign languages.

Address tender to: Ente Minerario Siciliano, Servizio Partecipazioni, Via Ugo La Malfa 169, 90146, Palermo, Italy.

Tel.: +39.91.6958111; Fax: +39.91.6958610.

Legal Representative

Public tender for mobile communications, etc.

On 6th December 1995 a broad political agreement was reached in Denmark concerning the future framework for full liberalization of the telecommunications market.

This agreement provides the basis for legislation which will open up a number of new opportunities in the course of 1996 for doing business as an operator or service provider in Denmark.

Thus, in Denmark, EU's deadline for general liberalization, 1st January 1998, has been brought forward to 1st July 1996. With regard to mobile communications, frequency resources are a limiting factor (e.g. for DCS 1800 and ERMES), causing an upper limit on the number of new operators who can be given a licence.

Consequently, the preparations for a public tender have begun, involving not only a Bill on wide-ranging liberalization of mobile communications in Denmark, but also the preparation of tender material to be used by potential operators when submitting tenders for consideration when licences are issued.

The tender will not be limited to a specific technology, but future operators will be given the opportunity to combine various technologies and services. Thus, it will be possible to combine DCS 1800 (for nationwide, regional and local use) and ERMES with both fixed-network technologies or other mobile technologies such as DECT (in Denmark DECT will be fully liberalized as of 1st July 1996). In addition, access to service provision by the use of existing mobile networks (NMT, GSM, ERMES, OPS) will be guaranteed by law as of 1st March 1997.

A new mobile-sector Bill is expected to be introduced in the beginning of April 1996. The National Telecom Agency in Denmark (Telestyrelsen) expects to be able to issue preliminary tender material containing conditions for applications immediately after the introduction of the Bill. The final tender-material will be issued, when new mobile legislation has been adopted, i.e. expectly in the middle of June 1996. Further information will be announced in advertisements placed in newspapers, "Statstidende" and "The Official Journal of the European Communities" immediately before tender material is available.

Any interested parties may address inquiries in writing to the National Telecom Agency, Holsteinsgade 63, DK-2100 Copenhagen Ø, which is responsible for the tender, thereby obtaining information about specific organisation of the public tender. Inquiries can also be made to Finn Petersen, Head of Regulatory Division, telephone number (+45) 35 43 03 33, ext. 630.

National Telecom Agency
Denmark

Time and motion

William Packer reviews the sculpture of Umberto Boccioni

More than ever in these days of large exhibitions, with their door-step catalogues and queues round the block, the small study exhibition, finely chosen and to the point, has its place.

An intriguing example is now in Venice, centred upon one sculpture by the Italian Futurist, Umberto Boccioni, at the Peggy Guggenheim Collection. It has two aspects, particular and general: the one concerned with the work itself in its physical state, the other with the development of the image in relation to the art of the time, both academic and avant-garde.

Boccioni was killed by a fall from his horse while serving in the Italian cavalry in 1916. He was 33 and his engagement with Futurism had lasted barely seven years. Within that short span, his involvement with sculpture had been serious if intermittent, yet determining his intentions remains problematical. He worked with all kinds of material – clay, card, wood, metal, plaster – adapting and improvising in the way of Picasso and Cubism, picked up in Paris before the war. But little of what he did survives, for such an approach leads inevitably to work that is open-ended and physically vulnerable. What few bronzes there are were cast posthumously, and there is no certainty their state is what he would have wished.

The Guggenheim "Dynamism of a Speeding Horse + Houses" of 1915 takes on, therefore, a unique importance as not merely the last of Boccioni's sculptures, but the only one to survive in its working state. It is was bought by Peggy Guggenheim herself in 1958, against the conventional wisdom of the time, when Futurism was still seen as little more than a minor provincial sport of Cubism. Long felt to be but an unshowable curiosity, it now emerges newly-restored as one of the most remarkable and important pieces in the entire collection.

It is indeed a curious and impressive thing, a formal abstract bundle of painted wood, card and metal perched on a post. Or so it seems at first, but soon, without any lessening of its particular and autonomous physical presence, other readings and responses creep in. We move back from the abstract, as it were, to the abstracted, as we begin to register the body of the horse and the straining neck, and the houses beyond. The working drawings nearby tell us that the sculpture is incomplete, for there are no legs but only stumps. Perhaps they were there but have been knocked off, redundant to the final simplification and formal unity of the piece. We can never really know.

What Boccioni was attempting was the physical embodiment not of mass but of movement into our real, shared space – a contradictory impossibility, of course, in a solid and static object, but then all art is contradiction in some degree. He was indebted to the Cubists for the trick of simultaneity in the reading of form, through the opening-out and interplay of its many facets. Yet he condemned them for their final dissolution of form into detail, whereas he sought its ultimate integrity, each element serving the ideal whole. His "Speeding Horse" is the surviving test-bed of the enquiry.

But the show's more general point is no less interesting. Much as Boccioni may have protested that "we Futurists are the sole primitives of a new sensibility, completely transformed", the fact remains that he, quite as much as any artist, was inevitably the creature of his age.

In setting this broader context, Fred Licht, the show's curator, has not contented himself simply with following Boccioni's own personal obsession with the horse, from his early graphic illustration to the metamorphic symbolism of the later paintings. Nor has he merely brought in comparative examples by Boccioni's Futurists and quasi-Cubist peers – a collage by Carra of a racing horse; a bronze by Duchamp-Villon of a horse's head as an abstract image of power.

Rather he has looked further afield to the *animalier* sculpture of Barye and Meunier, and to the horse maquettes of Degas, that would seem to leap out beyond their restraining bases into the real space of the viewer. Further still, he has looked to the monumental and memorial sculpture that in the last quarter of the 19th century began to appear to the glory of the heroes of newly-united Italy.

In Venice itself, Ferrari's Victor Emmanuel II (1887) flourishes his sword extravagantly on the Riva degli Schiavoni, an image at once familiar and utterly ignored. In the middle of Turin Balzico's Ferdinand of Genoa (1877) steps lightly from his falling charger towards us. Then to Bistolfi's symbolist monument to the patriot Carducci (1908), and so to Boccioni again, is but a step. We have scorned such things for too long, but suddenly they are visible once more, thanks to such as Fred Licht and his revivionist fellows. It is salutary to be reminded yet again that modernism was never a rejection of the immediate past. A reaction to it? Yes, of course, but reaction and rejection were never the same thing.

Umberto Boccioni – Dynamism of a Speeding Horse + Houses: the Peggy Guggenheim Collection, Venice, until May 19; sponsored by the Murray & Isabella Rayburn Foundation, New York; official carrier Alitalia.

Boccioni's 'Speeding Horse': the test-bed of the Futurist artist's enquiry into mass and movement

Ballet/Clement Crisp

Rambert goes for roguishness

I have learned to mistrust dance-works in which performers make entrances from the auditorium. No good can come of such roguishness – and so it proved again on Thursday afternoon in Brighton's Theatre Royal, where Rambert Dance Company is installed this week. The closing piece of the programme was new: Didy Veldman's *Kol Simcha*, which is Hebrew for *Voice of Celebration*.

Up from the orchestra pit came a raggle-taggle group of musicians and dancers to make their winsome way onto a bare stage, playing and acting their heads off. I disliked them all: for their awful clothes (Sasha Keir has been to an Oxfam shop for really disconsolate outfits); for their oh-so-relaxed manner; for hitting tambourines; for pushing themselves across the stage in wooden crates. And my heart sank as one girl decided that she would try to make an entrance from the middle of the stalls. So cute. So tiresome.

What ensues is a drunken romp. Everyone drinks from bottles, which is not the loveliest sight, and one girl daintily spews wine on to the stage, to the sound of Adam Gorb's new score, which I hazard is inspired by Kletzmer music – replete with sobs from violin and clarinet. Of purpose, choreographic wit, I could find little trace as the cast registered togetherness of an inebriated and soulful kind. The piece might be called *Tippler on the Roof*. Enough already.

The rest of the programme is vastly to be preferred. Rambert's dancers are on best form. Christopher Bruce's *Swan Song* was done, as ever, with passionate involvement by Glenn Wilkinson as the prisoner, Steven Brett and Vincent Redmon as the interrogators. And I was also be see for the first time Mark Baldwin's *Banter Banter*. This is a a piece for three couples whose light-hearted reactions are bantering reponses to Stravinsky piano music (the early studies, the Tango, the three easy pieces, the little sonata, admirably played by Stephen Lade).

The dance is allusive, quick-witted, and has sufficient quirks to tell us that Baldwin understands what Stravinsky is doing. It is given with split-second timing by the men – Paul Liburd especially fine and extra-sec. The women seem slightly too eager to let us know what fun it (and probably life with a macro-biotic diet) is. I wish they wore more make-up and less charm.

Rambert Dance Company tours with two programmes to Northampton, Oxford, Canterbury, Mold, Swansea, Nottingham until the end of March.

Theatre/Ian Shuttleworth

The making of a martyr

It is mildly ironic that Arnold Wesker's play (completed in 1991) about St William of Norwich has finally received its world premiere in one of the city's few art/performance venues not housed in a converted church. Still, the Playhouse's location in a former maltings does nothing to lessen the incense of ritual and symbol which pervades *Blood Libel*.

Wesker has eschewed the naturalism of his other historical plays in favour of a series of stark scenes loosely based upon actual events, recounting the 12-year-old William's rape and murder, the town mob's rage against the Jews of Norwich (on the vacuous grounds that surely no Christian could have perpetrated such an atrocity), and the zealous campaign of the monk Thomas of Monmouth to have the boy canonised as a martyr.

We are shown the fabrication of pro-Williamite and anti-Semitic "evidence" through both self-delusion and outside coaching, and the debilitating and ultimately vain struggle of Prior Elias to hold to a line of reasoned inquiry in the teeth of a fierce lust to believe. When his sceptical "wisdom" is derided by Thomas as doubt, the enemy of faith, Elias replies, "Faith without wisdom is mere superstition," but the superstition welling up from the townsfolk and marshalled by Thomas in the cause of "my William" acquires the force of a juggernaut.

Director Irina Brown and designer Paul Andrews create a commanding succession of images (with an acknowledged debt to Brueghel and Bosch) against the bare old brick of the Playhouse stage, hung across with a curtain of chains. Brown achieves a fine medium between striking visuals and implied acts when depicting the ordeal of the boy William (played by 13-year-old Ashley Jackson) at the hands of the Archdeacon's cook – a scene periodically repeated as a commentary upon the growing fervour.

The play is largely an ensemble piece, with most actors playing several brief, bold roles and only individual moments emerging from the quickening current. Of the main players, Jonathan Bond is occasionally excessive with the Celtic fire of Thomas, compelled too often in the later scenes to over-top himself, whereas Stephen Webber's Elias is a figure of worn granite.

Blood Libel undoubtedly acquires added potency from being performed, as it were, on the scene of the crime; nevertheless, its admonitions about the force of unfounded convictions and the perils of aquiescing to them for pragmatism's sake are universally trenchant.

At Norwich Playhouse until February 27 (01603-766466).

Concert/Richard Fairman

Chung after the Bastille

The brouhaha has certainly died down. It was in 1994 that Myung-Whun Chung found himself in the headlines, when he was famously locked out of his office as music director at the Opéra Bastille in Paris during one of those high political dramas that France enjoys from time to time.

Where has he been since then? Following his abrupt exit from the back door of the Bastille, Chung has mostly been spending his time as a guest conductor with a variety of top orchestras, doubtless waiting for the right offer of a permanent post to turn up. Still in his early 40s, he has time on his side. Meanwhile, there is a steady trickle of recordings made with the orchestra of the Opéra Bastille before his departure that show how close a rapport was starting to blossom.

On Sunday, Chung arrived at the Barbican for the first of two concerts with the London Symphony Orchestra – not his first appearance in London since the Parisian débâcle, but *as good an opportunity as any* for him to show what he can do. One of the strengths of the recordings has been the exquisite subtlety of balance and colour that he managed to achieve with his French players and, while it would be too much to expect that to be equalled within a few days of rehearsal with the LSO, there were at least moments when the same quality was recaptured.

It was a Czech programme. Dvořák's Sixth Symphony made a surprisingly substantial first half, taking the best part of 50 minutes, with repeats. Chung sees the symphony as an outpouring of grand, symphonic lyricism. Every so often his left hand would trace a slow arc in the air, calling for long lyrical lines, which the LSO strings generously supplied. In the fast movements there was was no lack of energy, but the performance as a whole lacked freshness and lightness of touch.

After the interval Janáček's *Glagolitic Mass* was not dissimilar. Chung was getting good playing from the *LSO* by *this* point, drawing out wind solos to fine effect and conjuring a delicate sense of mystery in the hypnotic "Agnus Dei", but the sharp edge of Janáček's invention is something that eludes him. Or, more likely, he prefers to smooth it over, for he often asked the orchestra to give him a soft attack and broad grandiloquence, when the score would seem to have a less comfortable experience in mind – spiky, highly-charged, invigorating.

No qualifications were needed for the soloists. The Slovak soprano Andrea Dankova was making her UK debut and the Russian tenor Sergey Larin has sung here little, but both are very welcome; they responded with unfailingly beautiful tone and vocal security, whatever the improbable challenges Janáček puts their way. Anne-Marie Owens and Stephen Richardson, the mezzo and bass, gave firm support. The London Symphony Chorus sounded vital and keen. It is just a shame that the Barbican has no organ. The electronic substitute, brought in for the big solos in the Janáček, simply does not merit the title "*king of instruments*" – not even petty prince.

Chung's second concert with the LSO at the Barbican on February 15.

Concert/Antony Bye

Musical Mosaïques

Despite the accelerating momentum with which period orchestras and some of their *arriviste* conductors have entered the mainstream, the classical string quartet repertoire has yet to be seriously affected by the early music movement.

For a start there are no overt balance problems in playing the classical quartet repertory on modern instruments. Clarity of texture has always distinguished all the best quartet playing, so one does not expect to hear a mass of hitherto unperceived detail revealed in quite the same way as was the case with the strings/wind realignment of the period orchestra. And since an individual quartet sound results from the consensus of all its members, rather then as a corporate accommodation to the will of the conductor, there would seem less likelihood of bizarre idiosyncracies of interpretation and change for change's sake.

Yet as the Quatuor Mosaïques demonstrated on Wednesday at the Wigmore Hall the string quartet fraternity is a broad if conservative church. Three parts Austrian to one part French, the Quatuor plays on period instruments and has researched historical performing styles. All its members began their careers playing earlier music, notably in Harnoncourt's Concentus Musicus Wien, and that severity of style has influenced their approach to the classical and early romantic repertoire. Their sound is lean though never emaciated and although they are capable of fervent passion it is put firmly at the service of an impressive clarity of structural purpose.

Significantly, the Quatuor received its well-deserved 1993 Gramophone Award – for Haydn's set of Op.20 quartets – not as a specialist early music group but in the broader general chamber music category. With the Op.33 No.1 quartet with which they began Wednesday's concert they were faced with Haydn's new, quite special way, an intricate, tightly argued discourse stripped of all surplus decoration which was ideally suited to their corporate discipline and precisely placed gestures. Haydn's music was allowed simply to speak for itself, the perfect vindication that absolute music – in its purest form – can express thoughts inaccessible to any other medium.

That this approach is suited to later repertoire was confirmed by their Beethoven and Mendelssohn. Op.135, though the most classical of Beethoven's extraordinary late quartets, would have perhaps benefited from a little more expressive nuancing to clarify the complicated motivic working. But the rhythmic games of the scherzo were as disorienting as ever and the slow movement radiated a chaste, untouchable allure difficult to capture on modern instruments. And if the rapt urgency of much of Mendelssohn's Op.13 was never quite attained, the central Adagio and Intermezzo were models, respectively, of Mendelssohn's intense but controlled passion and his graceful urbanity, qualities, again, which many modern accounts find difficult to project convincingly and fully justify this period ensemble's place in today's wider concert life.

INTERNATIONAL ARTS GUIDE

AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Koninklijk Concertgebouworkest: with conductor Riccardo Chailly perform Debussy's La mer, the second suite from Ravel's Daphnis et Chloé, and Stravinsky's Le sacre du printemps; 8.15pm; Feb 16
OPERA
Het Muziektheater
Tel: 31-20-5518117
● Die Frau ohne Schatten: by R. Strauss. Conducted by Hartmut Haenchen and performed by De Nederlandse Opera and the Nederlands Philharmonisch Orkest. Soloists include Thomas Moser, Ellen Shade, Jane Henschel and Albert Dohmen; 7pm; Feb 14, 18 (2.30pm)

BERLIN

OPERA
Komische Oper Tel: 49-30-202600
● Komische Oper: with conductor Joachim Willert perform Mascagni's Cavalleria Rusticana and Leoncavallo's Pagliacci. Soloists include Slavkova, Bach-Röhr and Dollfus; 7pm; Feb 16

BRUSSELS

OPERA
Théâtre Royal de la Monnaie
Tel: 32-2-2291200
● Khovanshchina: by Mussorgsky. Conducted by Paul Daniel and performed by La Monnaie. Soloists include Willard White, Jacques Trussel, Anatolij Kotscherga and Anne Bolstad; 7.30pm; Feb 15, 17 (also 2pm)

CHICAGO

EXHIBITION
The Art Institute of Chicago
Tel: 1-312-4433600
● Annette Messager: exhibition of approximately 55 works by this contemporary artist, from the early 1970s through the mid-1990s. The display includes painted photographs, artist's books, numerous small images combined with writing on the wall, and Messager's ensembles of stuffed animals and sparrows; from Feb 17 to May 5

DETROIT

CONCERT
Detroit Orchestra Hall
Tel: 1-313-833-3362
● Detroit Symphony Orchestra: with conductor Leslie B. Dunner, pianist Awadagin Pratt and the Brazeal Dennard Chorale, directed by Brazeal Dennard, perform Lift Every Voice and Sing by Johnson/Smith, Dunner's Memoirs, Beethoven's Piano Concerto No.1, Franci's African Oratorio, and African-American spirituals in an arrangement by Dennard; 8pm; Feb 16, 17 (6.30pm)

HAMBURG

CONCERT
Musikhalle Hamburg
Tel: 49-40-346920
● Hamburger Camerata: with conductor Claus Bantzer, narrator Will Quadflieg and pianist Christopher Tainton perform Beethoven's Egmont Overture, Piano Concerto No.1 and Symphony No.1; 8pm; Feb 14
OPERA
Hamburgische Staatsoper
Tel: 49-40-351721
● Der fliegende Holländer: by Wagner. Conducted by Gary Bertini and performed by the Hamburg Oper. Soloists include Franz Grundheber, Gabriela Benackova, Heinz Kruse and Kurt Moll; 7.30pm; Feb 16

HELSINKI

OPERA
Opera House Tel: 358-0-403021
● Il Barbiere di Siviglia: by Rossini. Conducted by Miguel Gómez-Martinez and performed by the Helsinki Opera. Soloists include Charles Workman, Kalevi Olli, Marussa Xyni and Sauli Tiilikanen; 7pm; Feb 16

LONDON

AUCTION
Spink & Son Ltd.
Tel: 44-171-9307888
● Start the Year at Spink: selling exhibition of watercolours, paintings and prints. The display includes works by British watercolourists such as John Varley, Peter de Wint, David Cox, George Chinnery, Clarkson Stanfield and William Henry Hunt, a selection of aquatints by Thomas and William Daniel, lithographs by David Roberts, and 20th century works by Philip Wilson Steer, Sir George Clausen, Walter Sickert and the Nash brothers, and post-war neo-Romantic artists such as John Minton, Keith Vaughan and Alan Reynolds; to Feb 16
OPERA
London Coliseum
Tel: 44-171-8360111
● Die Zauberflöte: by Mozart (in English). Conducted by Alexander Sander and performed by the English National Opera. Soloists include Ian Bostridge, Janice Watson and Peter Snipp; 7.30pm; Feb 15, 17 (also 2.30pm)

MILAN

DANCE
Teatro alla Scala di Milano
Tel: 39-2-72003744
● Corpo di Ballo del Teatro alla Scala: perform the choreographies Les six danses de Chabrier and Chéri by Roland Petit; 8pm; Feb 14, 15, 16, 17, 18 (3pm), 20

NEW YORK

CONCERT
Alice Tully Hall
Tel: 1-212-875-5050
● Tokyo String Quartet: with violinist Pinchas Zukerman perform works by Bartók, Neikrug and Beethoven; 8pm; Feb 15
DANCE
Juilliard Theater and Paul Recital Hall Tel: 1-212-769-7406
● Juilliard Dance Ensemble: and the Juilliard Orchestra with conductor David Briskin perform José Limon's The Wing to music by Magnussen, Paul Taylor's Sunset to music by Elgar, and Benjamine Harkarvy's K.458 to music by Mozart; 8pm; Feb 15, 16, 17, 18 (3pm)

PARIS

CONCERT
Cité de la Musique
Tel: 33-1 44 84 45 00
● Alban Berg Quartet: perform works by Mozart, Berio and Schnittke; 8pm; Feb 15
Salle Gaveau Tel: 33-1 49 53 05 07
● Barry Douglas: the pianist performs works by Debussy, Brahms, Beethoven and Liszt; 8.30pm; Feb 16

ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● London Sinfonietta: with conductor Markus Stenz perform works by Ives, Francesconi, Kurtág and Reich; 8.45pm; Feb 14

SAN FRANCISCO

CONCERT
Louise M. Davies Symphony Hall
Tel: 1-415-864-6000
● San Francisco Symphony: with conductor Yuri Temirkanov, pianist Garrick Ohlsson, bass Sergei Alexashkin and the male singers of the San Francisco Symphony Chorus perform Shostakovich's Symphony No.13 (Babi Yar) and Mozart's Piano Concerto No.17; 8pm; Feb 14, 16, 17

STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● Aida: by Verdi. Conducted by Maurizio Barbacini and performed by the Royal Opera Stockholm. Soloists include Peter Kadier, Ingrid Tobiasson, Eliane Coelho and Vello Jüma; 7pm; Feb 15

VANCOUVER

OPERA
Queen Elizabeth Theatre - Vancouver Opera
Tel: 1-604-682-2871
● Carmen: by Bizet. Conducted by John Keenan and performed by the Vancouver Opera. Soloists include mezzo-soprano Magali Damonte, tenor Richard Di Renzi, baritone Greer Grimsley and soprano Lyne Fortin; 8pm; Feb 15, 17

WASHINGTON

CONCERT
Concert Hall Tel: 1-202-467 4600
● National Symphony Orchestra: with conductor Eri Klas and pianist John Browning perform works by Beethoven and Dankner; 8.30pm; Feb 15, 16, 17, 20 (7pm)
DANCE
Opera House Tel: 1-202-416-7800
● Alvin Ailey American Dance Theater: perform Shapiro & Smith's Father and Sons, Way's Scissors Paper and Stone, Dove's Urban Folk Dance and Ailey's Revelations; 8pm; Feb 14

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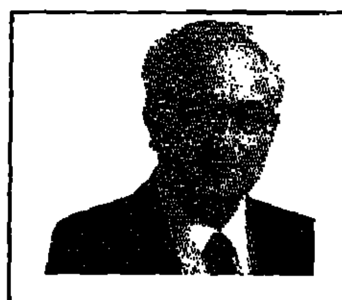
Financial Times Business Tonight



Martin Wolf

The global economy myth

Popular ideas about the integration of world economic activity exaggerate its extent and underestimate the potential for independent national policies

Market forces have, it is quite widely believed, leaped free from governmental control and now control governments instead. Economic liberals hail such globalisation as the chariot of progress; democratic socialists fear that its scythed wheels are cutting down their hopes of socially beneficent intervention. Both agree that, for good or ill, it is invincible. But they are wrong. What is happening is not that new; and the proposition that globalisation is irresistible is simply untrue.

This is the central point of a new book by Paul Hirst, a professor at Birkbeck College, London, and Grahame Thompson, a senior lecturer at the UK's Open University*. Any book that contains such sentences as "the first major consequence of a globalised economy would thus be the fundamental problematicity of its governance" can hardly be fun to read. Yet its chief argument is right. On their own or together governments can do a great deal. The debate should be over what they should do, not over whether they can do anything at all.

The fundamental theme of globalisation, argue the authors, is the proposition that the world economy "is dominated by uncontrollable global forces, and has as its principal actors and major agents of change truly transnational corporations, which owe allegiance to no nation state and locate wherever in the globe market advantage dictates".

The first thing to appreciate is that the openness of economies today is no greater than before 1914. Trade in merchandise as a proportion of the gross domestic product of major industrial countries is, for the most part, no greater than it was then (see chart). As for capital mobility, UK capital flows were 6½ per cent of national income between 1905 and 1914, larger than for any major industrial country, including Japan, in the 1980s and 1990s. Labour migration is also far more restricted now than in the late 19th and early 20th centuries.

The period before 1914 was one of liberal trade and no exchange controls. It already possessed steam ships and intercontinental telegraph cables. As the authors note, the difference between a world economy "in which goods and information moved by sailing ship and one in which they moved by steamships and electricity is qualitative". The difference between the latter and one with aircraft and the Internet is, in comparison, merely quantitative.

In addition to providing this needed historical perspective, the authors attempt the more difficult task of defining a global economy, which they distinguish from a merely "international" one. The latter, they say, is one in which the principal entities remain national economies, notwithstanding growing trade and foreign investment. By contrast, in a globalised economy, argue the authors, "the populations of even successful and advanced states and regions would be at the mercy of autonomised and uncontrollable, because global, forces".

Unfortunately their definition is too fuzzy. What is necessary instead is to identify and distinguish the two ideas that seem to underlie the popular concept of globalisation, those of irresistibility and of complete integration.

The Platonic idea of a globally integrated economy would be one in which prices of goods, services, labour and capital tend to equalise across the world, subject solely to differences in quality, largely because of the absence of artificial or natural obstacles to movement. A state would then be unable to impose higher taxes or more costly regulations than other states on very much.

This is not our world. Even in markets for portfolio capital, where integration has proceeded furthest, convergence of real interest rates seems to be less than under the old gold standard. An explanation for this may well be the uncertain domestic value of investment in securities denominated in foreign currencies under floating exchange rates. Convergence of real interest rates is more likely when exchange rates are credibly fixed, as under the gold standard.

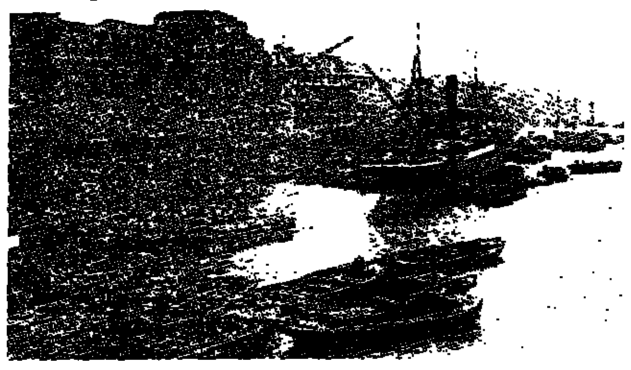
Again, the ratio of government revenue to gross domestic product is 60 per cent in Denmark, against 32 per cent in the US. Yet there is no massive outflow of labour from the former to the latter. Despite high rates of tax, the Danish national savings rate has been higher than that of the US. Denmark's capital has also largely stayed at home: in 1995 the country's net accumulation of foreign assets was a modest 1.8 per cent of GDP.

If global economic integration is incomplete, it is also far from irresistible. Governments have chosen to lower trade barriers and eliminate foreign exchange controls. They could, if they wished, halt both processes.

Could the omnipotent multinational corporations of leftist nightmare stop them? No, because corporate capital is also far from fully mobile. About three-quarters of the value added by multinational corporations is still produced in their home countries. It is almost impossible to imagine Toyota or Mercedes-Benz shorn of their roots in one specific country. They may become more international. But they can hardly be impervious to the actions of their national governments.

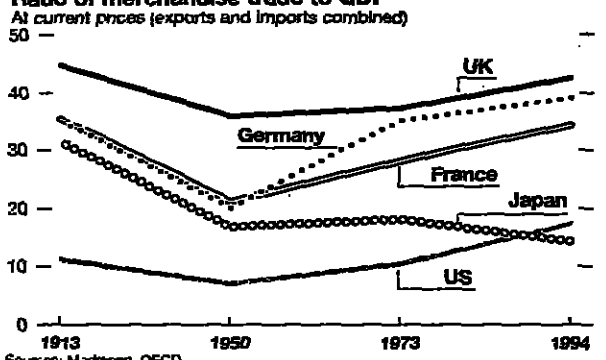
Globalisation is, if not a myth, a huge exaggeration. Politicians have to struggle not with the tyranny of necessity, but with the perils of choice. Two questions emerge: how to exploit the advantages of international commerce; and how to regulate it.

Collapse and recovery in openness to trade



Ratio of merchandise trade to GDP

At current prices (exports and imports combined)



Sources: Maddison, OECD

The opening of national economies to international trade and capital flows occurred not because it was irresistible, but because it was beneficial. Contrast the economic fates of closed North Korea with relatively open South Korea, Burma with neighbouring Thailand, or east with west Germany.

Those countries that exploited the opportunity provided by international commerce have prospered. But to do so they have had to provide, at the very least, protection of property, high-quality education and good infrastructure. Some would argue, more debatably, that industrial policies and other selective interventions were also essential.

The same sort of people would tend to agree with Prof Hirst and Mr Thompson that international economic exchange needs more control. Where internationalisation is substantial, as in trade or finance, governance does indeed need to be co-ordinated at a regional or global level. The question is only how much control of these activities there needs to be.

These authors have a relatively ambitious agenda, with strong regulation of foreign direct investment, greater exchange-rate stability and more effective regulation of international financial markets high on their list. It is possible – nay necessary – to question their proposals. But to do so is to concede the book's chief point. Policy matters. The fault, dear Brutus, lies not in the economic stars, but in ourselves that we make a mess of things.

Paul Hirst and Grahame Thompson, Globalization in Question (Blackwell, 1996).

In the chart accompanying last week's column, the general government financial deficit of Greece should have been 9.5 per cent, not 11.4 per cent, and that of Sweden 7.3 per cent, not 10.4 per cent.

Philip Stephens

A movement out of touch with reality

None of us can identify with any assurance the precise breaking point which led the IRA back into its campaign of terrorism. We know that the British security services told John Major as long ago as last summer that republicans would never swap guns for talks. So it is tempting to conclude that the prime minister should not have waited until the publication of the Mitchell report before dropping the precondition.

Some are already arguing with spurious certitude that the fateful moment came last month when Mr Major responded to that report by backing unionist calls for an elected Ulster convention. Maybe. It seems just as likely that the IRA's army council had decided anyway that it had had enough of peace. For myself, I prefer a simpler perspective. No doubt everyone made mistakes. But the blame for shattering the peace resides with those who detonated 1,000 pounds of high explosive in London's docklands.

The tragedy is that the bomb represents a terrible miscalculation by the IRA. Gerry Adams and Martin McGuinness have strutted the international stage these past 17 months. But the military commanders to whose tune the Sinn Féin leadership ultimately dances are trapped in the timewarp of republican history. The men of the IRA army council live in a closed world shaped by the politics not of the 1990s but of the 1920s and 1930s. Here, the supposed lessons of the past always take precedence over the opportunities of the future.

The British and Irish officials who talked with Mr Adams and Mr McGuinness encountered this mindset frequently. I am reminded of one British official who remarked that dealing with Sinn Féin was like negotiating with a Soviet delegation at the height of the cold war.

The Sinn Féin leaders arrived constrained by the tightest of negotiating briefs. If the British raised an unexpected point, their interlocutors would insist it be put to one side. They had first to consult. And lest Messrs Adams and McGuinness were tempted to explore beyond the boundaries set by their masters, they were never left alone. To each meeting came the IRA's equivalent of a KGB minder, charged with reporting back to the army council. Thus, as history demanded, the political leadership remained subordinate to the military command.

Then there was the visibly constant fear of a split, a legacy born of the rupture in 1921 when Michael Collins accepted Irish partition and, a year later, was murdered for his pains. As one of John Bruton's advisers explained during one perilous moment last year, the Sinn Féin leadership had always to carry with it the militants. Mr Adams wanted to build a broad nationalist coalition, but if a significant minority of the IRA's hawks preferred a return to war they would carry the day.

These are relatively minor obstacles when set against the heaviest burden of republican history. In its isolation from the political mainstream, the IRA holds to a strategic analysis which has long since lost touch with reality. Many times in the past few years the British government has stated that it has no selfish, strategic or economic interest in retaining Northern Ireland within the United Kingdom. The IRA has paid not the slightest heed.

The blame for shattering the peace resides with those who detonated 1,000 pounds of high explosive in London's docklands

Instead, the mixture of mythology and romanticism which sustains republicanism makes the terrible mistake of assuming that the principal obstacle to a united Ireland remains the British government. It is as if the men of the IRA simply stopped reading the history books 50 years ago. They have not realised that Britain no longer has an empire, that its preoccupation with the Atlantic shipping lanes ended with the defeat of Adolf Hitler. If only, the terrorists say to themselves, the Brits can be forced to leave, then the road to Irish unity will be clear.

It is a view which may still have resonance on the Falls Road, but nowhere else. As the commentator Nuala O'Faulain wrote in the Irish Times yesterday: "IRA nationalism has nothing to do with us . . . the south has ceased to understand what most northerners still understand."

The IRA cannot bring itself to understand that the island of Ireland remains divided not at the whim of Mr Major nor of something called the British establishment but by the wishes of the people of the north. It is their fellow citizens in Belfast and Derry, not the English, who stand in the way of Republican ambition.

Maybe 70 years ago a government in London might have coerced Ulster into a united Ireland, though even then at the expense of further bloody conflict. It could never happen now. Sure, British administrations can from time to time put pressure on the unionists parties to negotiate. Perhaps Mr Major might have done more in that direction.

But another 25 years of terrorism would not allow the IRA to escape forever the central truth that it is Northern Ireland's democratic majority which wields the veto over Irish unity.

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·LETTERS TO THE EDITOR·

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EC's delay of pensions proposals a bad move

From Mr Peter Lamb.

Sir, Eurocadres, the European trade union organisation which represents some 3m professional and managerial staff, views with profound dismay the decision of the European Commission to reject early legislation to protect the occupational pensions of cross-border workers ("Brussels shelves portable pensions proposal", February 8). Several questions emerge:

● Does the Commission have the same commitment to the free movement of people as it does of capital?

● Does the Commission recognise both the need for leading European employers to develop cross-border mobility among their staff and for professionals to acquire European experience at no detriment to themselves?

● How does the Commission reconcile this position with its alleged concern about unfair competition when German workers are undercut by *Gastarbeiter?*

● How does the Commission reconcile its protection of the 10-year qualifying period for pensions in Germany with its alleged encouragement of labour mobility and flexibility?

Delaying well thought out proposals for occupation pension mobility in Europe is a significant error by the Commissioners and will only encourage the Euro-sceptics.

Peter Lamb,
vice-president,
Eurocadres,
Rue Joseph-11, 3-B,
1040 Brussels,
Belgium

Speech by Kohl not a warning

From Mr Jack Thompson.

Sir, One is grateful for the wisdom of Ian Davidson ("Beyond the catcalls", February 7). Working as I do in Berlin (as a presenter of news and current affairs programmes for the English language transmissions of Deutsche Welle TV International), I got no impression that Chancellor Kohl's speech in Louvain was interpreted in the German media either as a warning that Europeans would be at one another's throats again if political and monetary union were not achieved, or as an attack on the British government and people.

If I may add my own warning to Mr Davidson's criticism of the irrational and hysterical British reaction to that speech, it would be that, as far as UK prime minister John Major's administration and the wackier elements in the Conservative party are concerned, they are conceived by the German media as increasingly irrelevant to the debate on Europe's future. The only stories out of London that seem to interest German news editors are the activities of the royal family and the New Labour party of Tony Blair, described in one paper as a man of *Phantasie* which luckily for him translates as "imagination" or "inventiveness".

Jack Thompson,
26 Desenfans Road,
Dulwich,
London SE21 7DN,
UK

Japan jobless based on ILO standard

From Mr Akihiko Ito.

Sir, I wish to question the imprecise statement about Japan's unemployment rate made by William Dawkins in his article "Japan jobless still at record level" (January 31).

Mr Dawkins claims that the Japanese government "uses a uniquely tight measure to define people out of work" and that "the underlying level of joblessness. . .may be double the officially published rate".

I should like to point out that the Statistics Bureau of Japan, which produces the official unemployment rate every month, uses an International Labour Organisation standard to define unemployment. Thus, the official rate of Japan's unemployment, which was 3.4 per cent in December 1995, is based on the international standard.

Almost all countries, including the UK, compile ILO-type unemployment statistics. Japan's unemployment rate is not unique but very comparable with those of other countries in the world.

Akihiko Ito,
director-general,
Statistics Bureau of Japan,
19-1 Wakamatsu-cho,
Shinjuku-ku,
Tokyo 162, Japan

Arms control must be international

From Mr Alan Jinkinson and others.

Sir, Two days before the publication of the Scott Report into the arms to Iraq affair, declarations of support will today be made around the world urging the introduction of tougher international arms export controls.

As union leaders it is our responsibility to safeguard the jobs of our members, but this initiative receives our wholehearted support. More than any other European country, the UK manufacturing sector is dependent on the arms industry.

The economy is crying out not just for new products but for many of the skills that are now tied up in the defence sector. There is an urgent need to rethink Britain's industrial policy and use its highly skilled defence-related workforce for jobs which benefit everyone.

We call on the UK government to lead the way and press for the introduction of a European code of conduct on the arms trade at the forthcoming inter-governmental conference. International controls would negate arguments of "if we do not sell arms, someone else will" and, coupled with a coherent programme of diversification, would both prevent arms sales to unscrupulous regimes and safeguard the jobs of one of the UK's largest manufacturing sectors as we approach the 21st century.

Alan Jinkinson, general secretary, Unison,
Ken Cameron, general secretary, Fire Brigades Union,
John Edmonds, general secretary, GMB,
Roger Lyons, general secretary, MSF,
Bill Morris, general secretary, TGWU,
As from: Saferworld, World Development Movement and Basic,
33/34 Alfred Place,
London WC1E 7DP, UK

General election would help chance for Irish peace

From Mr Bill Courtney.

Sir, With regard to the breaking of the ceasefire by the IRA, I appeal to John Major, the prime minister, to act with courage and nobility by calling a general election.

At this time of crisis in the Northern Ireland peace talks we need a leader who will speak for the UK from a position of strength, not a sincere but exposed leader who must make all his diplomatic moves burdened by his need to retain the support of the unionist parties.

History will not forgive Mr Major if he squanders this fading chance for peace in Ireland in order to retain his power in the UK.

Bill Courtney,
17 Vale Road,
Timperley, Altrincham,
Cheshire WA15 7TQ, UK

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COMMENT & ANALYSIS

FINANCIAL TIMES
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Tuesday February 13 1996

Prosecuting war crimes

Half a century after Nuremberg, the principle that war crimes should be probed and punished is still struggling to win acceptance. It is a sad fact of international life that very few signatories of the UN Charter and the Geneva Convention are prepared to draw the logical conclusions from those documents. Few, if any, governments sincerely support the principle that all gross violators of the laws of war should be held responsible, regardless of their cause and the outcome of the conflict.

But for anyone who does believe in that principle, any development which helps to entrench it, and increases the fear of retribution must be welcomed. It is in that spirit that one should support the UN tribunals investigating the massacres which have claimed hundreds of thousands of lives in Bosnia and Rwanda. By punishing the worst culprits, the world community will not wipe away the stain of its own failure; but it will help to counter the argument that *Realpolitik* always wins over morals.

Many western nations hesitated before agreeing to the Bosnia tribunal, saying it could complicate the search for peace. Almost the opposite has proved to be the case. By indicting the most notorious Serb and Croat extremists, the tribunal has created conditions in which new leaders can emerge. So far, only one of 52 people indicted has been arrested and sent to the Hague. But their indictment has made it impossible for them to leave their fiefdoms in Bosnia to take part in negotiations.

Yet for all its lofty purpose, the conduct of the Bosnian war crimes probe has become intertwined with expediency. As the biggest supplier of money and information to the tribunal, the US has secured invaluable leverage over the region's power-brokers. Crudely put, it can blackmail them by threatening to share the huge amount of intelligence it has gathered on the war. Already, there are suspicions that the US is holding in reserve the information it must possess about Belgrade's role in the "ethnic cleansing" of Moslems in 1992. If Washington is somehow protecting the bosses of Belgrade, then questions arise about whether it really wants the Bosnian Serb leaders – Radovan Karadzic and General Ratko Mladic – to go the Hague, where they would incriminate others.

Nor is the Bosnian government above using the slogan of war crimes for political games. By arresting two senior Serb officers last week, it appeared at one point to have derailed the Dayton peace process, while neatly thrusting responsibility for the derailment onto the Serbs. An irreversible setback was narrowly averted yesterday by Mr Richard Holbrooke, the US envoy, who ruled that only the UN tribunal should decide whom to detain.

In an ideal world, the tribunal's authority would be established even more firmly, by giving it real institutional independence, and financial resources of its own. In an ideal world, the court would investigate with uncompromising rigour the behaviour of all parties directly and indirectly involved in the conflict, including both sides of the Croat-Moslem war of 1993.

In the real world, that is too much to expect. But Nato forces could do more to help, even if they cannot hunt down war criminals. They should co-operate more closely with the UN investigators and stand ready to arrest people if the opportunity arises. Ultimately, nobody responsible for the crimes perpetrated in Bosnia should feel confident of escaping justice.

Eurotunnel

The mediators appointed yesterday by a French court to oversee Eurotunnel's financial restructuring do not represent the end of its troubles. They have no direct power to force a deal in the acrimonious negotiations between the company and its banks. But their arrival does increase pressure on the banks to ease their terms for repayment of the company's £8bn debts. For its part, Eurotunnel has helped the chances of a deal by offering the banks a partial debt-for-equity swap, in a reversal of its past position. Yesterday's package offers the best chance for many months of a way forward.

The significance of the mediators – Lord Wakeham, former UK cabinet minister, and Mr Robert Badinter, former French minister of justice – is that they represent the first step on the road towards French insolvency procedures. It is not in banks' interest for negotiations to advance much further in that direction. French and UK insolvency procedures are at either ends of a spectrum in their ranking of interested parties. In the UK, banks stand above most other creditors; under French law, designed to protect the company and its staff, they stand below almost all, including employees.

There are respectable reasons for the French approach. Under UK insolvency, banks, who have more ability than most creditors and shareholders to influence the company's behaviour, are usually among the best protected, while the least powerful are also the most at risk.

From banks' point of view, however, the prospect of the Eurotunnel battle progressing to French courts is understandably horrifying. Behind that lurks a worse nightmare: simultaneous insolvency under French and UK law. The attempt to apply essentially contradictory principles at once would lead the insolvency process into uncharted waters. Those considerations should focus banks' attention on reaching a deal.

In dropping its earlier demand for a complete write-off of a portion of debt, Eurotunnel has realistically recognised that shareholders would have to relinquish some of their assets' remaining value. The banks may be surprised that it is offering this concession at the same time as the appointment of mediators and possible weakening of the banks' position. But the simultaneous proferring of a carrot and brandishing of a stick mean that, for the first time in months, the chances of a deal between creditors and shareholders have improved.

Valuing Asia

European leaders may be wondering why they are bothering to traipse all the way to Bangkok next month for a short summit with their Asian counterparts. There is only a vague agenda, no immediately discernible short-term goal, and no obvious way of gaining kudos with voters back home, except possibly by banging the table on human rights.

But the leaders should beware of allowing misunderstandings about Asia's purpose and a clash on human rights to undermine the chance of a closer relationship with the fastest-growing and most populous region of the world.

To its Asian promoters, the fact that this is the first such meeting automatically gives it an historic significance. Hitherto there has been no direct dialogue between Asia and Europe. The Bangkok summit should fill a missing link.

China will be attending. Asia wants such a dialogue in order to involve that country in yet another multilateral network before it becomes too powerful. It wants a chance to play a bilaterally minded US off against Europe. And it wants to attract more investment and technology from a region that has been grudging hitherto. These are worthwhile objectives, even if Europeans tend to look for results of greater immediate substance.

There are two ways in which Asia matters to Europe. First, it is increasingly the global economy's growth engine; second, Pacific countries are in the frontline in dealing with an ever more powerful China. By engaging with Asia, Europe may help defuse and diffuse the challenge posed by China to individual Asian countries.

Asian leaders are worried that the Europeans may insist on raising questions of labour standards and human rights issues such as forced labour, Chinese orphanages and Indonesia's repressive regime in East Timor. While these are legitimate subjects of concern, there is a risk that, if the Europeans push them too far, their Asian interlocutors will close ranks and the chance for mutual economic benefit will be lost.

There are some benefits to be gained. Europe wants an agreement to push for further trade reform at December's World Trade Organisation meeting in Singapore, accelerated liberalisation by Asia of service sectors like telecommunications, and better treatment of investment which would include the development of impartial competition policy in Asian countries. Impatience risks losing these benefits and a greater ultimate prize: the chance to establish a relationship capable of making the world a richer and safer place.

Paralysed by indecision

Political unwillingness to sanction asset sales threatens the future of Italy's giant industrial holding company, says **Robert Graham**

The financial plight of Iri, Italy's ungainly giant of a state holding company, has reached a critical stage. The holding company, which has annual revenues of almost L80,000bn (£33bn), risks a confrontation with Brussels unless it can reduce its mountain of debt by more than L20,000bn before the end of the year.

Attempts to reduce the debt by privatising Iri's assets have been stalled by opposition in parliament. The previous Dini government lacked the authority to press forward with privatisation and its successor is unlikely to have the determination to do any better.

But without the rapid sale of some of its most valuable assets, there is a risk that the company could be put into liquidation. A discussion document for an Iri board meeting last week stated bluntly: "If Iri fails to pursue its programme of divestments, there will be a financial crisis which will transfer debts of thousands of billions [of lire] on to the public accounts, and hence the state..."

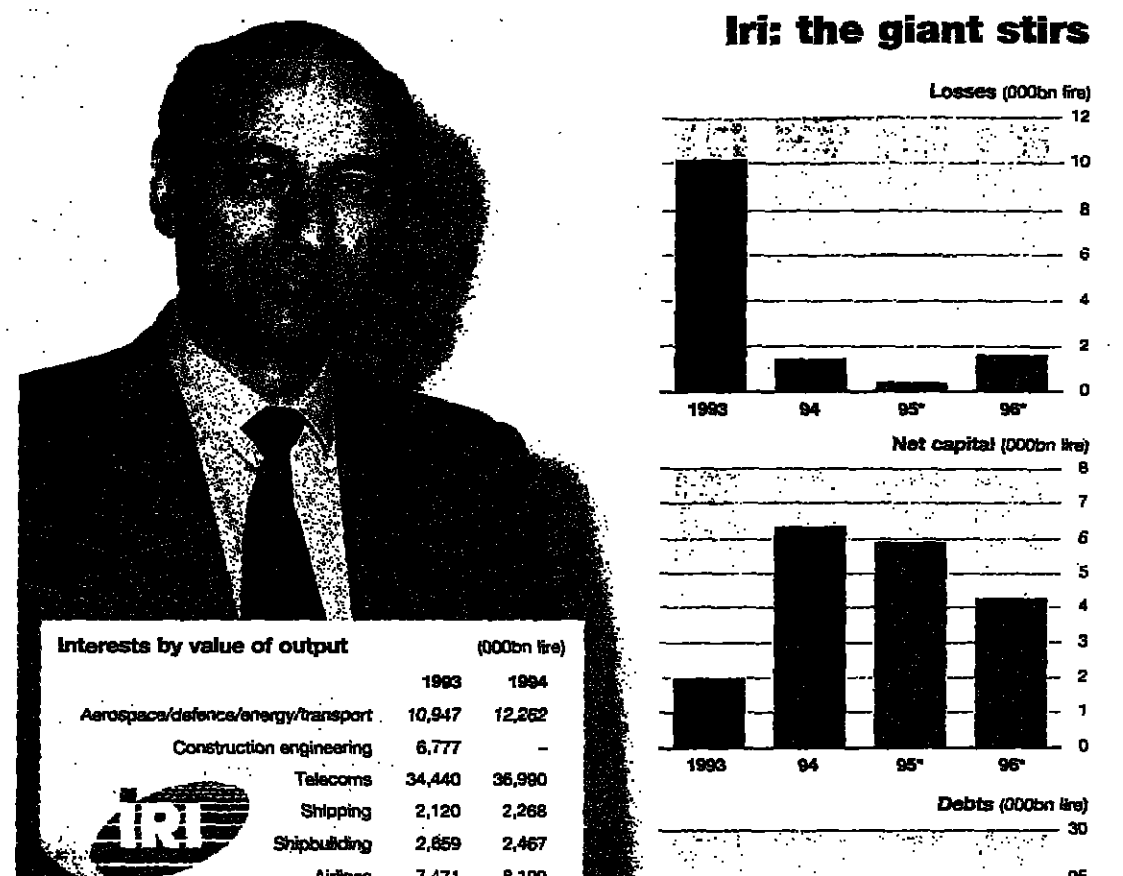
The dominance that Iri retains in Italy's economy, which dates from Mussolini's attempts to develop indigenous industries in the 1930s, is unique in the European Union. The group has stakes in activities ranging from aerospace, airlines, banking, software and defence to motorways, television and telecommunications, and accounts for 4 per cent of gross domestic product. But many of its holdings are in companies that are either making losses or former monopolies in sectors such as telecoms and energy which face competition for the first time.

At their simplest, Iri's financial problems stem from EU directives ending state funding for industries in member states. Under a 1993 agreement with Brussels, the Italian treasury was given permission to bail out Efim, a state industrial holding company, while it sold off or closed down its interests ranging from aluminium and glassmaking to transport and defence. The European Commission allowed government aid to the tune of L10,000bn on condition that this was Italy's last state subsidy.

As part of the agreement, the government agreed to reduce Iri's debt to "levels acceptable to a private investor operating in a market economy" – in practical terms, to L4,562bn – by the end of 1996. To achieve this, Iri drew up an ambitious privatisation programme. Some 300 of the companies in its portfolio have been sold off in the past four years, raising L18,000bn. But sales have proceeded too slowly, and the company's debt remains at L25,100bn. Interest charges have reduced the prospect of the group returning to profit and eroded further its weak capital base. Losses accumulated since 1993 total more than L12,000bn.

To get remotely near its debt target, Iri must sell off its jewel – the 64 per cent stake in Stet, the telecoms group. Stet has been valued by Iri as high as L34,000bn – L7,000 a share. But shares are trading at L4,900, reflecting political uncertainties since the sale has been blocked for 18 months by a cross-party group in parliament opposed to privatisation of the highly profitable telecoms group.

Senior Iri managers are increasingly concerned that Stet's sale may be impossible if parliament fails to pass legislation setting up the necessary telecoms regulatory framework soon. They fear that if the sale is not launched by July, it could be eclipsed in the eyes of international investors by the privatisation of Deutsche Telekom later in the year.



Interests by value of output (000bn lire)

	1993	1994
Aerospace/defence/energy/transport	10,947	12,262
Construction engineering	6,777	-
Telecoms	34,440	36,990
Shipping	2,120	2,268
Shipbuilding	2,659	2,467
Airlines	7,471	8,109
Broadcasting	4,130	4,175

Mr Michele Tedeschi, Iri's chief executive, is considering various ways of privatising the telecoms group in the absence of a functioning regulator. The most interesting – and controversial – is to break it up into its constituent companies in domestic telephone services, international calls, mobile telephones, equipment supply and so on.

This would allow privatisation to begin without a regulatory framework, with the sale of subsidiaries such as Seat, its telephone directory publisher, and Sirti, the telecoms equipment manufacturer.

Stet's senior managers have objected to a break-up, with Mr Ernesto Pascale, chief executive, arguing that it would delay privatisation "by at least 15 months". And since word of a possible break-up got out at the end of January, they have received powerful support in parliament, largely from the same group which is delaying the regulatory legislation.

Last Thursday Iri released a terse statement saying it would continue with the aim of selling Stet as a block. Whether the issue has been shelved is not clear, and much will depend on the way the political crisis is resolved.

But if the Stet break-up is shelved, the decision will have an important bearing on the fate of Finmeccanica, another substantial Iri asset due for privatisation. Iri has a 62 per cent stake in Finmeccanica, a holding company with controlling stakes in Italy's main aerospace, automation, defence, energy and transport companies.

Late last year Iri began looking at the possibility of separating Finmeccanica's defence interests from the rest of its activities. The thesis was the group would be easier to sell without the largely lossmaking defence side. Finmeccanica management rejects this argument, saying it has invested heavily to turn the lossmakers around and a break-up would remove economies of scale. But as long as the industrial conglomerate retains its defence interests (some of which were transferred from Efim), Iri will find it harder to sell its controlling stake.

Free-marketeers such as Mr Antonio Martino, former foreign minister in the government led by Mr Silvio Berlusconi, the media magnate, believe the heads of the big state-controlled companies will do anything to maintain their empires. But it is the rightist National Alliance – which rose under the wing of the Berlusconi government last year – that has been the main blocking force.

In economic policy, the alliance remains attached to the corporatist ideas of the Mussolini era. Mr Gianfranco Fini, its leader, has been quick to place his supporters in as many state companies as possible.

This view is shared by many managers, politicians and trade unionists who are concerned that the effort to solve Iri's financial problems is at the expense of a coherent industrial policy. There are also fears that asset sales will leave Iri – like Efim before – as a dustbin for lossmaking companies, such as some of the company's defence interests, parts of shipbuilding and construction.

And the Italian experience of privatisation has not been trouble-free. The Riva group which last year bought Ilva, the Taranto-based steel group, is seeking a L800bn discount on the agreed price of L2,500bn for alleged concealment of environmental and redundancy costs.

But since a successful Stet sale is unlikely to reduce Iri's debt to the level agreed with Brussels, further privatisations will be needed to meet the target. The group is looking at whether it can speed up sales of assets such as its residual 35 per cent holding in the Banca di Roma group and its controlling interest in Autostrade (Italy's motorway concession owner/operator). These sales are also politically controversial, and may run into opposition from powerful friends in the Rome establishment who still see the Iri stakes in such businesses as a protective shield against the full force of the market.

Given the importance of Iri to the Italian economy, there is little sense in parliament of the seriousness of the crisis that faces the company. When the issue is raised it is common to hear hopes that Brussels can be persuaded to give some room for manoeuvre. Comfort is taken from the way the French government has steered the cases of Air France and Crédit Lyonnais past the Commission, and the recent approval of state-aided restructuring for Iberia, the Spanish airline.

The 1993 agreement between Italy and the Commission does make provisions for renegotiating Iri's debt level "common agreement" as a result of "market conditions". But the Efim pact was the result of considerable political wrangling and a firm commitment from the Italians to end state aid. Brussels is unlikely to activate the provisions if the gap between Italian promises and Iri's performance is too large.

The crisis provoked by the collapse and liquidation of Efim was poorly handled and has so far cost the Italian state L18,000bn. It also frightened the financial markets which had to fight to make the treasury stand by Efim's debts. If the politicians have not learned this lesson the fate of Iri could be even more costly.

Airline ambitions stalled

The difficulties involved in restructuring the industries in Iri's portfolio are well illustrated by the attempts to restore profitability at Alitalia, Italy's national airline.

The airline, 90 per cent owned by Iri, lost L197bn (£82m) in the first half of 1995 in spite of hopes of a break-even. Iri's purchase of the Rome airports from Alitalia should put the airline just in profit for the full year. But debt has risen to L3,555bn and additional capital is desperately needed.

Mr Robert Schisano was appointed chief executive in February 1994 believing he had political backing to impose a radical shake-up on the airline which was burdened by years of complacent management and restrictive labour practices with overpaid staff. A survey estimated Alitalia cabin crew in 1994 were paid an average $66,422 (£43,413) against $30,472 at British Airways and $51,821 on Iberia, the Spanish state-owned airline.

However, Mr Schisano's restructuring led to a damaging guerrilla war with unions over job cuts and changes in working practices. The plan finally stalled when unions objected to a "wet lease" deal with Ansett Airlines that would have involved the Australian airline supplying aircraft crewed by staff paid at rates below those in Italy.

The then government, made up of non-elected ministers led by Mr Lamberto Dini, was anxious to avoid a showdown since it relied on the support of the leftwing parties close to the unions. Mr Schisano was sacked in October, allegedly for negotiating a secret pay rise of L28m with the pilots to persuade them to accept restructuring.

Iri wants to make a two-stage L1,500bn capital injection to cover accumulated losses and make new investments. But it says that union agreement to a restructuring plan and a pledge on an 18-month labour truce are needed if the funds are to be raised on the markets.

Without such capital, Alitalia will have to turn to the government for support. But this will again force Iri into confrontation with Brussels, which is determined to end state aid to airlines in the aftermath of the Air France and Iberia rescue packages.

Last week eight of the nine unions involved in the restructuring talks announced they were ready to negotiate again. However, the threat of a stoppage on February 22 is a reminder of their power to disrupt the process.

· OBSERVER ·

Every dog has its day

■ Olek Kulik, a Russian artist, is back in the dog house. He was to have been one of the star exhibits at a recent art exhibition in Stockholm, billed as promoting communication and co-operation between east and west.

The trouble started after Kulik told the Swedish organisers that he planned to lie naked, chained silently in his dog kennel for 48 hours in a performance "centred around dialogue and communication over national boundaries". He said he would only react "if someone came and provoked him". In fact, as soon as the public entered the hall, Kulik leapt out of his kennel on all fours and threw himself at visitors, pinning them on the floor and biting them. Three were injured before the police were called.

Meanwhile, Alexander Brener, one of Kulik's compatriots, elected to give a one-man impression of a crazed rock concert. He left the public alone but tore to pieces the exhibition's *pièce de resistance*, a 20-metre tunnel of Swedish and Russian human hair created by Chinese-American artist Wenda Gu as part of "an ongoing worldwide art project for the 21st century".

Horrified exhibition staff were again forced to call the police to restore order and the Russians have been sent home. A chastened Jan Aman, who had spent two years organising the exhibition, says that it just goes to show that a meeting between east and west is much more difficult than he ever could have believed.

Power play

■ One way to gauge how far Russia has moved along the democratic path is to look at how Kremlin cronies have been treated once they have lost power.

Under Stalin, such unfortunates were guaranteed a bullet in the head or a one-way ticket to Siberia. Things had improved by Brezhnev's time when top-level undesirables were despatched to run power stations.

Yeltsin has been far more generous. For example, 14 months ago, he made Vyacheslav Kostikov, his discredited former press secretary, ambassador to the Vatican, a seemingly wonderful sinecure.

It has also given Kostikov plenty of time to write a lively set of memoirs about his three years at Yeltsin's side. According to Kostikov, Yeltsin is a man with no convictions and a terrible desire to dominate. "Power is his ideology, his friend, his concubine, his mistress, his passion," Kostikov said on Russian television on Sunday. Yesterday he resigned his ambassadorship and returned to Moscow.

Yeltsin will be hoping no one is going to take Kostikov seriously. Few did when he was press secretary. But if they do? There's always the power station...

Wing and prayer

■ Toronto theatre-goers have suffered a rude reminder as to the identity of winners and losers in the late 20th century business world. For the past 35 years, performing arts in Canada's biggest city have revolved around the O'Keefe Centre, a granite and glass hulk named after a brewing company which paid for its construction. Rather than be burdened with rising maintenance costs and property taxes, O'Keefe handed the theatre over to the city council in 1968. The brewery itself later went out of business.

But public spending cuts have forced the theatre's board to search more aggressively for new private benefactors. One fundraising idea was to sell the centre's name. The winner is a fast-growing Canadian software manufacturer called Hummingbird Communications, which wrote a cheque for C$5m. "Hummingbird Centre – how embarrassing", sniffed one letter to a local newspaper.

Flowery

■ Old political clichés die hard. US vice-president Al Gore started his address to the American Association for the Advancement of Science in Baltimore yesterday bravely enough. He was, he said, in favour of a new political language and new metaphors, based on science, genetics and computing.

One of the more scientifically articulate politicians anywhere, Gore is fed up with the traditional images of political and economic discourse. "We lean against the crutch of old industrial metaphors which are splintering with age", he told his audience.

Only problem is, the circuits in Gore's brain seem to be very much hard-wired in the old way of thinking, for he was soon mocking his Republican opponents with vintage, industrial-age clichés. Congress, he said, had left the National Science Foundation "sputtering along" with stop-gap financing, and was "extinguishing the creativity of children with a suffocating blanket". The best image he could manage referred to Congress's approach to science – which exhibited "the wisdom of a potted plant" – a decidely horticultural metaphor.

Title inflation

■ There are humble public relations firms and then there is Burson-Marsteller. Observer has just received a press release which describes BM as the "world's leading management consultant in communications and public affairs".

The Financial Times

100 years ago

Cuba Submarine Telegraph
The ordinary general meeting of the Cuba Submarine Telegraph Company was held yesterday at the offices in the City, Mr. C.W. Parish presiding. He said the main cable had continued in good order throughout the half-year. In consequence of the insurrection in Cuba, which still continued, the Spanish Government had suggested to the company the desirability of connecting the town of Manzanillo with one of the two existing cables running from Cienfuegos to Santiago; but as these cables were laid in 1875 and 1881 respectively, the directors considered it undesirable to disturb them.

50 years ago

South African gold taxation
The future of the gold-mining industry and the economic stability of the country are dependent on the opening of new mines; in South Africa the uncertainty in developing new areas is made more uncertain by the State's harsh and discriminatory tax policy. The Chamber finds it difficult to reconcile the Finance Minister's recognition of the need for foreign investment with the existence of the non-resident shareholders' tax, which deprived overseas investors (mainly British) of £5,650,000 between 1942 and 1945.

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Talks fail to secure support for Maccanico cabinet

Fini blocks plan to form new Italian government

By Robert Graham in Rome

Mr Antonio Maccanico's prospects of forming Italy's 55th post-war government, pledged to enact significant constitutional reforms, looked increasingly remote last night.

Almost two weeks of intense negotiations have failed to find a common position between the two main alliances, on the centre-left and on the right. They had committed themselves to backing Mr Maccanico, a former Republican party senator and head of the prime minister's office.

If Mr Maccanico cannot form a government, President Oscar Luigi Scalfaro will be left with two options. He could dissolve parliament or ask Mr Lamberto Dini, the outgoing premier, to head a caretaker government.

But there was also talk of Mr Scalfaro asking Mr Dini to preside over a second government at least until the end of the Italian presidency of the European Union in June.

Parliament would meanwhile form a constituent assembly charged with rewriting the constitution to introduce a more presidential style of government.

The board of Iri, the Italian state holding company, is due to meet today for the second time in a week to assess its stalled programme of privatisation, delays in which risk provoking a confrontation with the European Commission.

Under an agreement signed in 1993, the government undertook to ensure that Iri's debt was reduced to acceptable levels by the end of 1996. But the plans have been held up in parliament. Paralysed by indecision, Page 15

Negotiations have only continued due to the desire of the leaders of the two main parties - Mr Massimo D'Alema of the Party of the Democratic Left (PDS) and Mr Silvio Berlusconi of Forza Italia - to avoid early elections.

But the main obstacle remained Mr Gianfranco Fini, leader of the National Alliance (AN) and principal ally of Mr Berlusconi in the rightwing alliance. Mr Fini has insisted on his own brand of constitutional reform involving the introduction of a directly elected head of state with strong powers.

The centre-left has strongly opposed such an idea, favouring a form of "semi-presidentialism" - a directly elected head of state but with a chief executive chosen by parliament.

These differences have been compounded by the parties' lack of agreement on the composition of the government. Mr Maccanico had hoped to present a list of ministers which reflected the nature of his cross-party support, however, he has failed to sway the main parties.

In addition, he has yet to resolve how to manage daily government while steering reforms through parliament.

The separation of constitutional reform, placing it solely in the hands of parliament has been suggested. However, this has been opposed by Mr Fini. Yesterday Mr D'Alema wrote to Mr Berlusconi inviting him to disassociate himself from Mr Fini or force him to come on board. Throughout the crisis Mr Berlusconi has supported Mr Fini.

See Lex

Singapore Power flotation postponed 'for years'

By Philip Coggan in London

The Singapore government yesterday took the surprise decision to postpone for several years the flotation of Singapore Power, which had been expected in the middle of 1996.

Mr Yeo Cheo Tong, minister for trade and industry, said: "First, SP needs more time to complete its reorganisation and to make the translation from a government statutory board to a viable commercial group of companies. Second, SP is not earning adequate returns."

He added that the company earned 7.6 per cent on equity, if commercial standards of accounting were applied. Until last year, the utility, known as the Public Utilities Board, had used World Bank accounting standards.

"We would like to see it listed as soon as possible but I don't see it happening within the next two years at least," the minister said.

The electricity and gas operations of the Public Utilities Board were split off to create SP in October last year in a similar move to the Singapore Telecom privatisation in 1993. SP is one of the largest corporations in the city-state with assets worth about S$9bn ($6.42bn). Last year, its net profit was S$600m.

Analysts wondered whether the government had decided instead to sell a second tranche of Singapore Telecom, in which the government retains a stake of nearly 90 per cent. Another theory was that the government was anxious to avoid an embarrassing failure, following the problems its neighbour Indonesia faced in floating Telkom last November. The Indonesian government was forced to halve the value of the offer and slash the price of the shares.

A successful flotation of Singapore Power would have made it the second biggest company on the Stock Exchange of Singapore and increased the liquidity of the stock market.

The flotation of Singapore Telecom was largely placed in the hands of local investors, and international investors have shown little interest in building up their holdings, mainly because the shares are priced more expensively than those of similar companies in the region.

The postponement of the Singapore Power sale is a setback, but not a severe blow, for the government. Singapore's public finances are in surplus and privatisation is seen not just as a means of raising money, but as allowing citizens to share in the rapid growth of the economy.

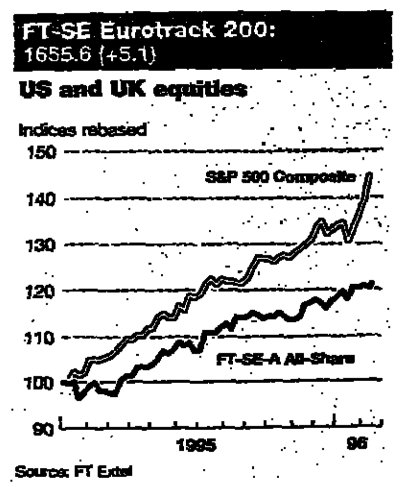
"There are people who have never owned shares in their lives and you just want them to have a little bit in their piggy bank," Mr Lee Hsien Loon, deputy prime minister, said recently.

THE LEX COLUMN

Pause for thought

The most striking feature of the financial markets in 1995 was the outperformance of US equities. Against expectations, the same is true so far this year. In fact, the trend has become more pronounced: having more or less tracked the US market last year, the UK stock market appears to have stalled. True, UK equities have been hit by a spate of profit warnings; but so has the US market. And the two markets are trading on broadly comparable multiples of 1996 earnings.

In fact, the decoupling has been dictated not by stock market valuations but by their respective bond markets. Falling US inflation has given US treasuries a further lease of life. European bond markets, on the other hand, have been hit by fears that the political imperative of fuelling economic growth may outweigh the need for a tough stance on inflation. Thus the latest round of European interest rate cuts have hindered rather than helped bonds because investors fear they may have to be reversed fairly rapidly. This is particularly true in the UK, where there is concern that the ruling Conservative government's deficit in the polls, ahead of next year's election, could be influencing economic policy. Index-linked gilt yields are now just slightly lower than equity yields, making it difficult for the stock market rally to regain momentum unless the bond market recovers. Looking on the bright side, though, a period of consolidation now will probably make UK equities more resilient when the inevitable turn in the US market eventually comes.



Source: FT Extel

Kvaerner

Norway's Kvaerner is paying a heavy price for its failure to acquire Amec, the UK construction business, last year. Despite doubling its pre-tax profits in 1995, the shipbuilding and engineering company saw the price of its shares slip 4 per cent yesterday.

Investors are right to be sceptical. Kvaerner's shipbuilding arm accounted for a large chunk of pre-tax profits. This contribution is unlikely to be repeated. Not only is the group's shipbuilding order book falling – admittedly from a high level – but the attractive margins achieved in Kvaerner's Finnish yards because of the weakness of the Finnish markka are coming under pressure. This would be less worrying if a rebound in the company's other businesses looked more certain. But Kvaerner's pulp and paper machinery arm has slipped into loss after overestimating demand, and neither Kvaerner Oil & Gas, which turned in a minimal profit, nor mechanical engineering, which broke even, look capable of making up any shortfall.

The management must be regretting its reluctance to cough up the extra cash needed to secure Amec. Amec's experience in managing large "turnkey" projects, which fits well with Kvaerner's technical expertise, would have given investors at least some hope of a profits rebound to compensate for any weakness in shipbuilding. But Kvaerner still owns a quarter of Amec's shares, and has plenty of cash. Both financially and strategically, the sensible option is to come back with a fresh offer as soon as it is able to.

Iri/Stet

Iri, Italy's state-owned holding company, needs to think the unthinkable if it is to avoid being smothered by its debt mountain. In practice, this means taking a more imaginative approach to selling its most valuable asset – its 64 per cent stake in Stet, the Italian telecoms conglomerate. Iri's current position is that the Stet stake will be sold as it is. The snag is that this is impossible until parliament passes the necessary legislation.

This apparently insoluble problem is an ideal opportunity for Iri to force Stet to break itself up. Such a move would have industrial logic: an entity encompassing fixed and mobile telecoms services as well as telecoms equipment and a hotchpotch of other activities makes no more sense than AT&T's conglomerate structure before its recent demerger plan. Demerging Stet would also have powerful financial logic, as its break-up value is reckoned to be around L34,000bn ($22bn), compared with its L25,000bn current market capitalisation. In other words, Iri's shares would be worth L22,000bn rather than L16,000bn. Given its debt problems, the extra L6,000bn is not a sum to be sniffed at.

A further advantage of demerger is that parliament's failure to pass a telecoms bill would be less of a problem. Only the sale of Telecom Italia, the fixed telecoms monopoly which represents about a third of Stet's value, would still be delayed. Selling Stet's other assets, notably the attractive Telecom Italia Mobile, could proceed unhindered.

Amersham International

After two frustrating years for Amersham International, US regulatory approval for its heart-imaging agent Myoview is a shot in the arm. Myoview is the closest thing the health science group has to the blockbuster drugs of the pharmaceutical industry. The world market for heart-imaging – a means of diagnosing heart problems – is worth $350m and the US accounts for more than half of that. Myoview has clear therapeutic advantages over the only serious rival product. Analysts suggest it could contribute sales of £50m ($77m) and add £10m (or 20 per cent) to profits within two years. It could capture half the heart imaging market.

Myoview's success is critical to Amersham's strategy. The group's focus has moved from low-growth radioactive markers to branded radiopharmaceuticals and it has invested heavily in research. Despite that, the performance of the group's branded healthcare products has been mixed. Brain imaging agent Ceretec is losing sales to a competitor and demand for Metastron, which relieves pain in bone cancer, has flattened out. Meanwhile, the group's traditional business is suffering from consolidation among its drug company customers.

That has taken its toll on the shares. Over the past two years, Amersham has underperformed the market by nearly 30 per cent and lost most of its premium rating. With the long-term attractions undiminished, good sales data from Myoview in the next six months would provide a buy signal.

Additional Lex comment on Lloyd's, Page 22

Matrix Churchill aided nuclear capability

Continued from Page 1

ing the complete truth from us about this subject".

Mr Henderson explained to the FT that he preferred not to give information to MI6 about the K-1000 project until he was satisfied that he could give full and detailed particulars.

This casts an unexpected light on the government's attitude to arms sales, since part of the reason for ministers giving implicit encouragement for the sale of dual-use equipment was intelligence related. They believed that executives of Matrix Churchill were providing accurate and useful information about Saddam Hussein's arms build-up to MI6.

The Department of Trade and Industry was misled over another Matrix Churchill contract to build lathes for the Iraqis, which were specifically designed to machine sophisticated 155mm artillery shells. The lathes were built to a new design which involved machining helical fin stabilisers on to the shells, thereby improving their range and accuracy. The shells had a range far superior to anything available to British or Nato forces at the time. A false description of the use of the lathes was given on the export licence application form. The end-user, a known arms factory, was also concealed. The DTI concluded that no export licence was needed for the lathes. Mr Henderson said yesterday he did not believe that he had seen the export licence application form.

Despite the help given by Mr Henderson to the Iraqis, he appears to have resigned from Matrix Churchill amid greater acrimony than he revealed in his recent autobiography, The Unlikely Spy. The resignation came after the transfer of $1m from Matrix Churchill's sister company in the US into a bank account in Liechtenstein, which belonged to Mr Henderson.

The transfer took place a month after Iraq's invasion of Kuwait. Soon after, the assets of the Cleveland, Ohio, based Matrix Churchill Corporation were frozen by the US Treasury and a blocking order was served on the US company's chief executive, Mr Gordon Cooper.

Iraqi directors of TMG Engineering, Matrix Churchill's parent company, learned of the transfer and sacked Mr Cooper. Mr Henderson asked the Liechtenstein bank to reverse the transaction. He resigned from both TMG Engineering and Matrix Churchill without compensation.

In response to Mr Henderson's resignation letter the Iraqi directors confirmed they would "not take any legal action against you [Mr Henderson] in the matter of the transfer of the US$1m by Gordon Cooper to your personal account in Liechtenstein".

Mr Cooper has told the FT that the transaction was intended to safeguard the US company's bank account from transfers to the UK by the Iraqi officers of Matrix Churchill Corporation while he was absent at a trade fair in Chicago.

The transfer of funds took place when Mr Henderson was negotiating a management buy-out of Matrix Churchill from the Iraqis. The Iraqis withdrew from negotiations, says Mr Cooper, after they found out about the Liechtenstein transfer. Mr Henderson disputes his account, and attributes the failure of the buy-out to his arrest in October 1990 by Customs & Excise.

Eurotunnel changes tack on rescue deal

Continued from Page 1

act as mediators in the negotiations.

Lord Wakeham, chairman of the Press Complaints Commission and a former energy secretary, and Mr Robert Badinter, formerly justice minister in France, have both been appointed by a French court as *mandataires ad hocs* under French bankruptcy law.

The mediators, described by Eurotunnel as "good offices", will hold meetings with the company, its bankers and the French and UK governments in an attempt to reach an agreement.

Eurotunnel played down concerns, expressed privately by some banks, that the court appointments would affect their rights as creditors.

However, Eurotunnel also said Lord Wakeham and Mr Badinter would, under the court's supervision, seek to support "the proper interests of all stakeholders, not just of the lenders".

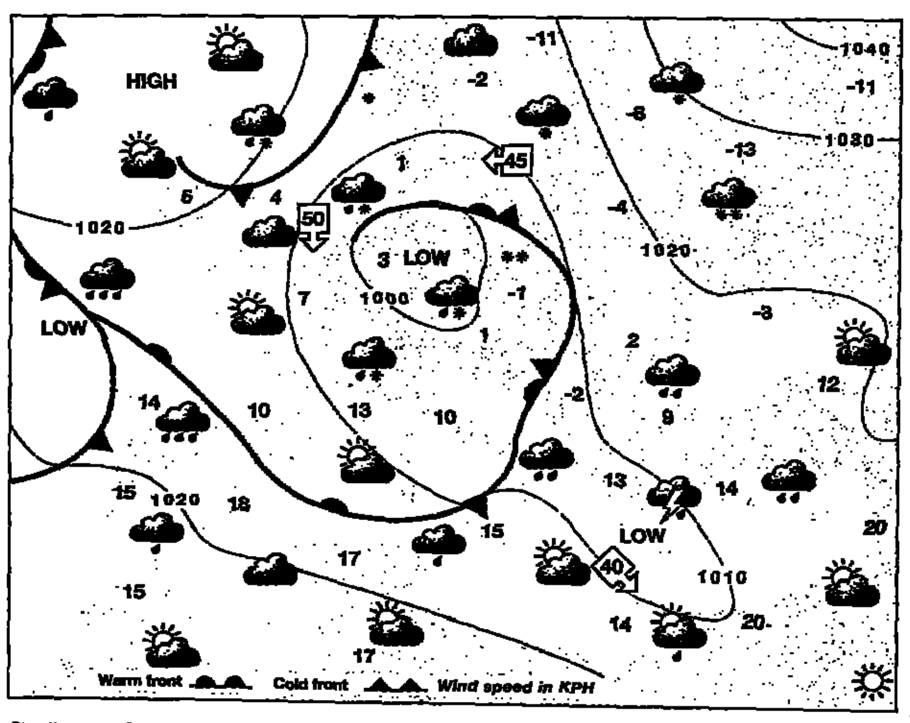
FT WEATHER GUIDE

Europe today

An active low pressure system over Germany will cause unsettled conditions throughout north-western Europe. In the wake of the low, numerous showers will affect the Benelux and France. The Pyrenees and the western Alps will have snow. Northern Germany will have a lot of rain. There will be sleet and snow north of an arc from Hungary across Poland towards Denmark. Ireland and the British Isles should be mainly fair and bright but parts of Scotland will have snow showers and rain is expected along the east coast of England. The Iberian peninsula will be cloudy and there will be rain in northern Spain and in Portugal. Italy and Greece will have showers and torrential rain is expected in southern Turkey and the southern Balkans. Russia will be wintry and there will be light snow in the Ukraine.

Five-day forecast

High pressure north of Ireland will build and slowly move south during the next couple of days. As a result, the British Isles will be settled and dry. A northerly flow accompanied by showers will develop across western Europe. Fresh snow is expected in the Alps.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius	
Abu Dhabi	sun	28
Accra	fair	33
Algiers	fair	17
Amsterdam	rain	3
Athens	rain	14
Atlanta	sun	11
B. Aires	fair	25
B.ham	shower	3
Bangkok	sun	33
Barcelona	fair	14
Beijing	sun	11
Belfast	cloudy	5
Belgrade	fair	0
Berlin	snow	1
Bermuda	fair	18
Bogota	shower	19
Bombay	sun	31
Brussels	rain	3
Budapest	snow	-1
C.hagen	snow	0
Cairo	fair	21
Cape Town	shower	20
Caracas	cloudy	29
Cardiff	fair	6
Casablanca	fair	16
Chicago	cloudy	0
Cologne	rain	3
Dakar	sun	24
Dallas	fair	21
Delhi	sun	24
Dubai	fair	30
Dublin	cloudy	6
Dubrovnik	shower	11
Edinburgh	shower	5
Faro	shower	17
Frankfurt	rain	3
Geneva	rain	7
Gibraltar	shower	16
Glasgow	fair	6
Hamburg	snow	0
Helsinki	snow	-9
Hong Kong	fair	20
Honolulu	fair	28
Istanbul	shower	10
Jakarta	shower	29
Jersey	cloudy	6
Karachi	sun	27
Kuwait	sun	20
L. Angeles	fair	23
Las Palmas	fair	20
Lima	cloudy	26
Lisbon	rain	16
London	cloudy	5
Lux.bourg	snow	1
Lyon	shower	8
Madeira	fair	17
Madrid	cloudy	12
Majorca	sun	16
Malta	cloudy	15
Manchester	cloudy	4
Manila	cloudy	24
Melbourne	fair	20
Mexico City	fair	23
Miami	fair	21
Milan	cloudy	9
Montreal	fair	-15
Moscow	cloudy	-11
Munich	rain	4
Nairobi	thund	28
Naples	shower	13
Nassau	sun	24
New York	fair	-3
Nice	fair	13
Nicosia	shower	15
Oslo	cloudy	-3
Paris	shower	7
Perth	fair	42
Prague	snow	0
Rangoon	sun	33
Reykjavik	shower	5
Rio	fair	26
Rome	shower	13
S. Frsco	sun	20
Seoul	shower	12
Singapore	rain	30
Stockholm	snow	-4
Strasbourg	rain	4
Sydney	fair	20
Tangier	shower	16
Tel Aviv	fair	21
Tokyo	fair	12
Toronto	fair	-9
Vancouver	shower	11
Venice	shower	7
Vienna	snow	-1
Warsaw	cloudy	-4
Washington	fair	-2
Wellington	fair	21
Winnipeg	fair	2
Zurich	rain	4

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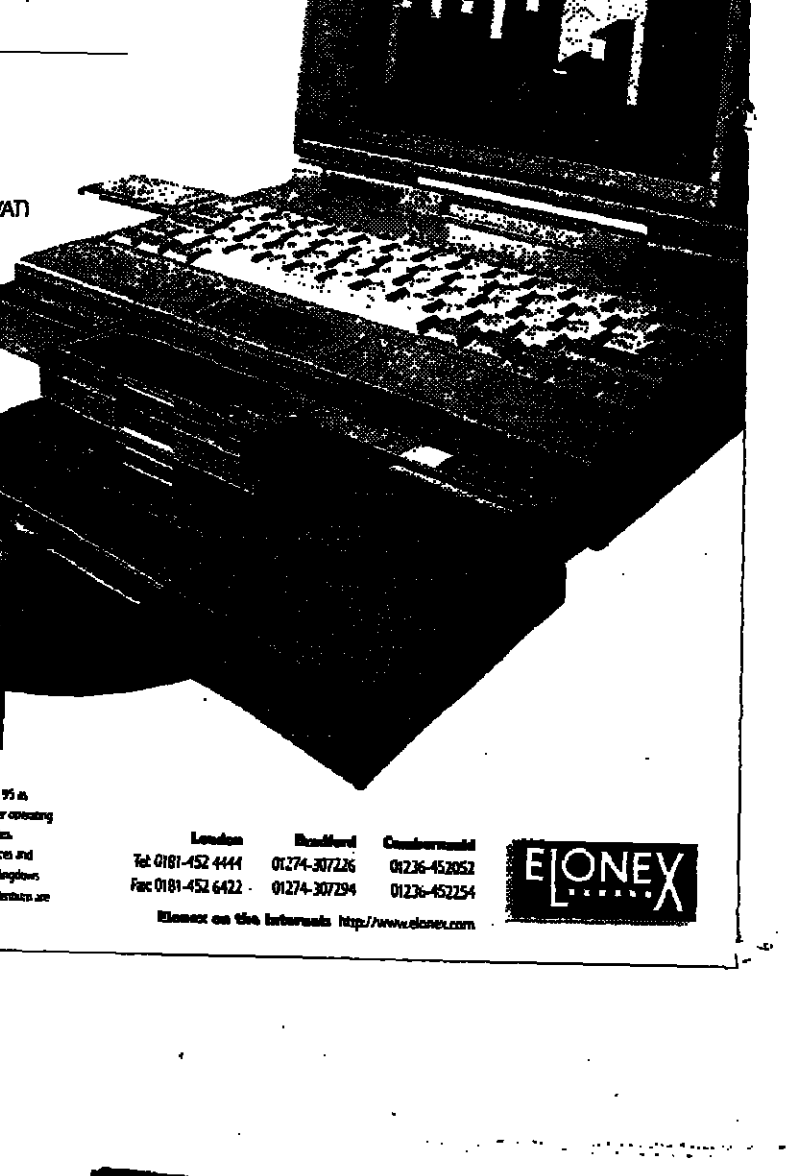
Until now, choosing a portable PC could mean compromising on power and flexibility. Elonex's NB-500/I notebook changes all that. Even the basic specification of the NB-500/I offers PCI Pentium power and a colour screen. And its modular design means that despite its small size and light weight, users benefit from a wide range of alternative configurations, including an optional CD-ROM drive. This Notebook has been designed to beat the best in the world, matching the versatility and processing speed of much bigger and heavier machines. Its Pentium processing power, multimedia capabilities, upgradeability and performance certainly puts the NB-500/I in a class of its own.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Tuesday February 13 1996

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IN BRIEF

Saab cheered by return to profit

Saab Automobile, the struggling Swedish carmaker managed and half-owned by General Motors of the US, surprised markets with a strong return to profit in the final quarter of 1995. The recovery enabled the group to post a full-year profit of SKr148m ($21m). Page 18

Kvaerner surge fails to impress investors
Kvaerner, the Norwegian shipbuilding and engineering group, doubled profits from NKr1.2bn in 1994 to NKr2.4bn ($372.68m) in 1995. However, the figures were inflated by several one-time gains, and the prospect of a flatter performance this year left investors unimpressed. Page 18

Spanish banks prepare for merger wave
Banking mergers are the order of the day, according to rumours flying around the Spanish finance industry. Page 19

Meat Loaf sues record company for $14m

Meat Loaf, the US rock singer, is suing his record company, Ohio-based Cleveland Entertainment. The singer is claiming that it owes him $14m in unpaid royalties for his best-selling album, *Bat Out Of Hell*. The move by the artist follows similar action taken by Cleveland Entertainment in the autumn last year against Sony Music, which manufactured and distributed the album on its behalf. Page 20

Henderson to spin off China division
Henderson Land Development, one of Hong Kong's largest property groups, has announced long-awaited plans to spin off its China property division in a move which reflects improved sentiment concerning the mainland property market. Page 21

Aiwa faces challenge in mature sector
Last year, a price war prompted Aiwa, the Japanese maker of mini audio systems, to order a temporary production cut at its Malaysian plant. Now Aiwa and its rivals must achieve growth in a mature, and suddenly price sensitive, industry. Page 21

Early flotation for British Aluminium
Plans are already afoot to float British Aluminium, a new company that emerged fully fledged yesterday with annual sales of about £500m, profits of £25m and 4,200 employees. The company was formed from the downstream operations of Alcan of Canada's UK subsidiary. Page 22

Butte dives 30% on US court decision
Shares in Butte Mining, the British company, lost 30 per cent of their market value after a US appeal court ruled that it could not pursue its action against former managers and promoters in US courts. Page 22

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Degussa	534	+	7
Hochtief	676	+	8
Lahmeyer	527	+	6
Porsche	870	+	10
Falls			
Asko	775	-	25
Karstadt	552	-	5.5
NEW YORK ($)			
Rises			
Boston Beer	20⅝	+	2⅛
Cycare Sys	30	+	2¾
Coleman Co	37⅞	+	2½
Falls			
Dept 56	22⅝	-	15⅞
Sun Hlthcare	12⅝	-	1⅜
Torch Energy	9¾	-	1⅞
LONDON (Pence)			
Rises			
Blue Circle	358	+	13
Pilkco	863	+	48
Vosper Tcroft	861	+	28
Falls			
Division Grp	86	-	12
Eidos	895	-	25
Yorks TV	872	-	28
TORONTO (C$)			
Rises			
Caledonia Min	8¾	+	1⅛
Rand A Tech	32	+	2
Sobeys Swarts	29¾	+	2¾

Falls			
Crown Life	39¼	-	1¾
Delrina Corp	17¼	-	¾
Scott Paper	28	-	⅞
PARIS (FFr)			
Rises			
Canal Plus	937	+	19
Cred Natl	359.5	+	11.5
Essilor Intl	1133	+	46
Falls			
Air Liquide	904	-	11
Nav Mixte	700	-	25
Promodes	1385	-	45
HONG KONG (HK$)			
Rises			
Artfield Grp	1.87	+	0.22
Englong Intl	2.225	+	0.17
Golden Res	1.11	+	0.29
Falls			
Li & Fung	6.9	-	0.30
Midland Rlty	3.1	-	0.27
Oxford Prop	14.0	-	0.70
BANGKOK (Baht)			
Rises			
Food & Drink	38.0	+	3.25
Phuket Island	30.0	+	2.5
Regional Cont	290.0	+	18.0
Falls			
Jolds Dev	75.0	-	7.5
Thai Ins	72.5	-	6.5
Unithai Line	127.0	-	10.0

Tokyo closed. New York and Toronto prices at 12.30pm.

German groups' TV talks break down

Threat of clash between rival systems as Kirch and Bertelsmann fail to agree digital format

By Judy Dempsey in Berlin

Plans to launch a standard decoding box for Germany's pay-per-view digital television were thrown into disarray yesterday after the country's two large media groups failed to agree on the technology.

The breakdown of talks between Bertelsmann, Germany's biggest largest media conglomerate, and the Kirch group, the television company and film distributor, could spark a bitter struggle between the two rivals for dominance in digital television.

It also means that Germany could be faced with two competing digital television networks which would split the market, while the chance to join forces to compete with the eventual entry of non-European television companies might have been lost.

The attempts to cement an alliance collapsed during a meeting in Cologne where Kirch failed to sign a memorandum of understanding tying it to the Multimedia Betriebsgesellschaft (MMBG) and giving the green light for a uniform decoding box.

MMBG is a consortium headed by Bertelsmann, Deutsche Telekom, the state telecommunications network and Canal Plus, the French commercial television group. It was set up last year to develop a set-top box to decode television signals which would allow access to interactive TV services ranging from video-on-demand to banking and home shopping.

"We have lost a real chance for pooling resources," a consortium member said. "Kirch has the product and we have the network and technology. But Kirch just kept placing obstacles in the way."

Kirch said it had not been ready to sign because of outstanding issues. "We have questions about the technology, about the licensing, and whether MMBG would in fact be ready to launch the system later this year," it said.

Since last year, Kirch had been developing its own decoding box in competition to MMBG's. It was persuaded to join MMBG in December and jointly develop a standard box. It also agreed in principle to take a 9 per cent stake in MMBG, joining shareholders which include Vebacom, the telecoms division of Veba, Germany's industrial conglomerate, ARD and ZDF, the two state television networks and RTL, the German commercial TV channel.

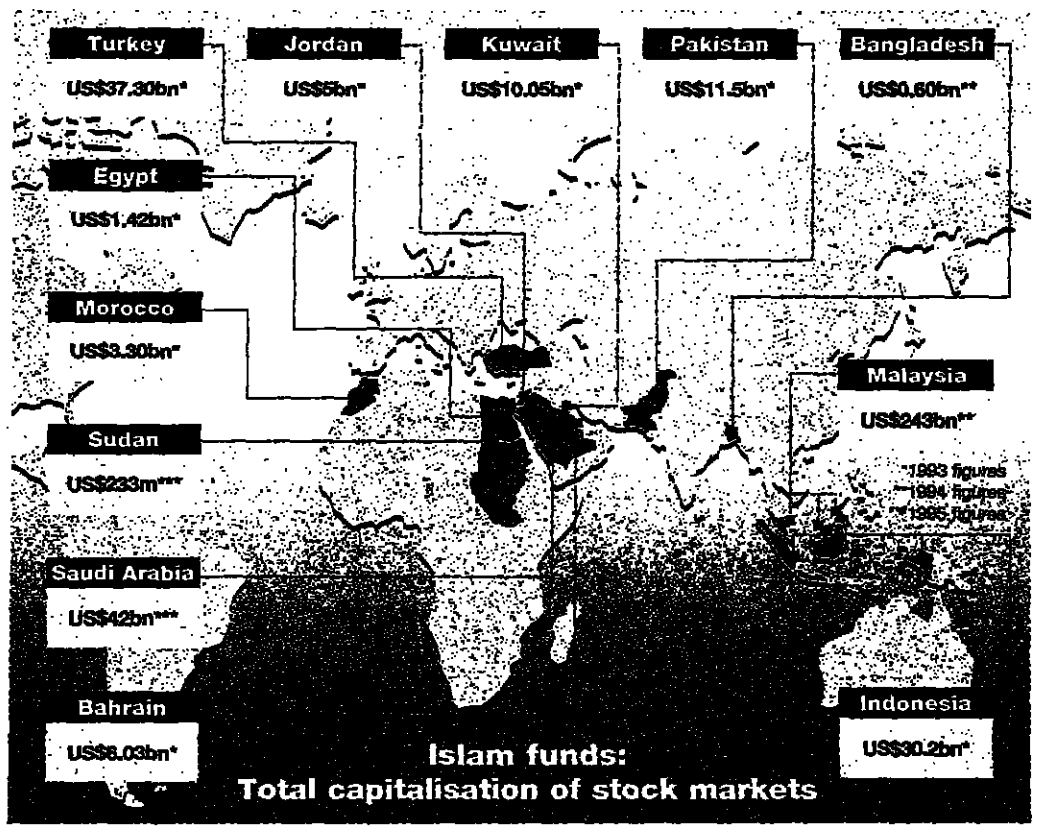
MMBG said yesterday Kirch could still take a stake if it changed its mind.

Since December talks floundered, fuelling speculation that Kirch had been still interested in marketing its own decoding system and digital television. Kirch officials yesterday would not comment on that possibility.

"If Kirch wants war, then so be it," a consortium member said. "We wanted the German media and television groups to be under one umbrella. Yesterday's unfortunate decision will not, however, deter MMBG. It will go ahead and have 150,000 decoders ready by the summer regardless of what Kirch decides."

A religious rule change could bring $60bn into new equity investment vehicles

Western funds scent rich rewards in Islam



Western fund managers are eyeing a potentially huge new area of business: *up to $60bn of assets which* Islamic investors may be willing *to place* in equities.

Until recently, most equity investment was prohibited under strict Islamic law on the grounds that many companies had some involvement with non-Islamic activities, in particular paying or receiving interest.

But two years ago, the Islamic jurisprudence academy in Saudi Arabia, the country's leading authority on religious law, issued a fatwa on investment banking. The decree ruled that, within certain parameters, equity investment was permissible under Sharia, or Islamic Law.

It has taken some time for Western investment managers to respond to the opportunity, but a number are putting together vehicles aimed at this market.

The first was Wellington Management Company of the US, which is managing a fund set up by National Commercial Bank of Saudi Arabia.

This month, Flemings, the British investment bank, became the first Western house to launch on its own an equity investment fund which complies with Sharia.

Mr Mushtak Parker, editor of Islamic Banker magazine, said: "There will be a proliferation of Islamic equity funds over the next few years."

Despite Flemings' decision to *develop its own product*, Mr Parker sees joint ventures between western and Islamic companies as the most likely way ahead.

State Street, the US investment *manager, is said to be developing* a fund with Faisal Finance, a *Saudi private bank based in* Geneva, part of the DMI group.

Kleinwort Benson, probably the most established UK investment bank in the Gulf, is working on joint projects with Islamic institutions which it hopes to launch in the next few weeks.

Fund managers entering the market have had to go to great lengths to ensure their funds comply with Sharia law. Flemings has a supervisory board of three clerics, which must vet not only every investment in the *fund but also the way it conducts* its business.

Judging the size of this market is hard. Most western banks in *the Arab market are cagey about* how much business they do and refuse to divulge numbers. Flemings admit that about 10 per cent of its funds under management come from the Saudi Arabia and the Gulf states.

Bankers estimate more than $60bn is held in investments traditionally allowed by Islamic law, such as commodity deals and trade finance. Much of this is likely to be moved into equity funds in pursuit of higher returns.

The market for Islamicly correct investments is growing rapidly in some countries. In Turkey, the Islamic banking sector, although *small*, has grown to take up almost 3 per cent of the market from virtually nothing 10 years ago.

Flemings also says large sums from Islamic countries are invested in funds which do not comply with Sharia law. It says that, given the choice, the investors would prefer to invest in a fund which complies with Sharia.

Not all Islamic countries have taken a strict line against equity investment. Malaysia, in particular, has been more relaxed in its interpretation of Sharia law, allowing a thriving Islamic banking and investment sector to develop.

The Sharia Council of the central bank of Malaysia regards more than half the stocks listed on the Kuala Lumpur stock exchange as permissible investments under Sharia law.

Saudi Arabia, *with a conservative attitude* to equities, has been slowest to change.

But the fatwa has made it acceptable to invest in equities through screened mutual funds. These avoid companies involved in un-Islamic activities such as banks, insurance companies or companies involved with alcohol. They also subtract from dividends a sum to reflect any interest earned by the company from money on deposit. This retained sum is paid to charity.

Many of the new funds are being set up in European offshore centres because the necessary regulation and infrastructure already exist there. Also, many Islamic investors want to hold *their assets offshore*, in politically stable areas.

The Channel Islands, Luxembourg and Dublin are potential homes for these funds – Dublin is so far the favourite, being home to four.

The emergence of the funds may also give a lift to stock markets in Islamic countries, since new equity funds are likely to have a bias towards investing in home markets. This demand will met by growing stock markets and increasing privatisation in many Islamic countries, such as Saudi Arabia and Pakistan.

Roger Taylor

French group in Argentine water row

By David Pilling in Buenos Aires

Compagnie Générale des Eaux, the French water company, may have its concession to run a provincial Argentine water distribution system revoked this week after allegations that it has been supplying homes with contaminated drinking water.

Aguas del Aconquija, a consortium formed by Générale des Eaux and several local companies, won a 30-year concession in July to run the water and sewerage system of Tucumán, in north-west Argentina. This week, Tucumán's provincial legislature is expected to accept a recommendation of government officials by voting to rescind the contract, which would probably be re-offered for tender this year.

Générale des Eaux, the technical operator, has been strongly criticised by local officials, who have accused it of non-compliance with contractual obligations and of supplying sub-standard water.

"I have samples of water, which if you saw you would not believe," Mr Franco Davolio of Tucumán's water and sewerage regulatory body said yesterday. "The water is muddy, the same colour as cola. If it came out of the tap like that in Europe, there would probably be a revolution."

Officials last month caused panic by warning that drinking contaminated water could cause cholera, typhoid and hepatitis.

Générale des Eaux, which refused to comment yesterday, has strongly denied the allegations. It has admitted that water has a high sedimentary content, but says this in no way endangers public health.

The incident is likely to prove embarrassing to the French company, which is also part of the Aguas Argentinas consortium which runs the Buenos Aires water system. Générale des Eaux has taken part in several international privatisations, recently winning concessions to supply drinking water in Puerto Rico and Malaysia.

Yesterday, Mr Davolio also accused the company of failing to respect contractual obligations to invest in expanding Tucumán's water and sewerage system. A third of residents have no direct supply of drinking water, while about two-thirds have no sewerage facilities.

A majority of Tucumán's residents, outraged at the doubling of water tariffs since last year's privatisation, have refused to pay their bills.

MGM puts archives in frame

By Christopher Parkes in Los Angeles

GoldenEye hit the target for Metro-Goldwyn-Mayer

A plan to raise the value of Metro-Goldwyn-Mayer by combining the studio business with a film library controlled by MGM's owner, Crédit Lyonnais, is expected to be discussed in Paris this week.

The French bank is expected to announce plans to sell one of Hollywood's most famous brands in the next few months. MGM's potential sale price has already been enhanced in recent months by box office hits including *GoldenEye*, and *Leaving Las Vegas*.

However, Mr Frank Mancuso, MGM chairman and chief executive, is to meet bank officials this week to consider taking on film libraries owned by Crédit Lyonnais. These include well-known titles such as *The Graduate* and *Platoon*, but consist mainly of lower-grade material. Most was seized from film companies which defaulted on Crédit Lyonnais production loans.

MGM is estimated to be worth about $2.5bn as a stand-alone company. Whether its value will be improved by the library stocks, which have legally complex ownership and licensing histories, may be a point of debate.

Crédit Lyonnais is being forced to sell its film operations by US legislation governing banks' ownership of non-bank interests. Although the disposals deadline is not until May 1997, rapid consolidation in the international media and entertainment industry has fuelled interest in MGM.

Wal-Mart to launch online shopping in Microsoft link

By Louise Kehoe in San Francisco and Neil Buckley in London

Wal-Mart, the world's largest retailer, plans to launch into online shopping, with an *electronic* store on the Internet using software under development by Microsoft, the US software industry leader.

Wal-Mart Online, allowing shoppers to browse through the *US group's* product range and place orders online, is expected to be launched by *late Spring*.

"We are hoping to lead the pack in electronic retailing, and lead on price, just as we do in our stores," Wal-Mart said yesterday.

Although there are several hundred shopping "malls" and sites on the Internet, their turnover remains small, estimated at less than $300m last year, compared with the $57bn sales through traditional mail order catalogues in the US alone.

But analysts believe the entry *into* the market *of* Wal-Mart could accelerate the growth of online shopping - already forecast to grow to several billion dollars a year by 2000.

Wal-Mart's choice of Internet shopping software represents a coup for Microsoft, which is mounting an assault on the Internet *software market, dominated* by Netscape Communications.

Microsoft expected electronic retailing to be a high growth opportunity for both traditional retailers and technology suppliers, said Mr Bill Gates, chairman.

"Our goal is to provide the [software] tools necessary to easily create and manage an online store so that merchants can focus on merchandising, branding and differentiation of their products and services in a cost-effective way," he added.

Microsoft was also developing a *shopping program for personal* computers that would be incorporated in a future version of *its* Windows operating system. It would provide consumers with a standard approach to shopping at any store on the Internet.

Its products will compete with Netscape's "merchant system" *software, already* used by several big retailers and online service providers. MCI, British Telecommunications, Federal Express and Shell Oil sell via the Internet using Netscape's software.

This announcement appears as a matter of record only

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Strong last term keeps Saab Auto in black for year

By Christopher Brown-Humes in Stockholm

Saab Automobile, the struggling Swedish carmaker managed and half-owned by General Motors of the US, yesterday surprised markets with a strong return to profit in the final quarter of 1995.

The recovery overcame losses at the nine-month stage and enabled the group to post a full-year profit of SKr148m ($21m), its second successive year in the black. But its figures failed to build convincingly on its 1994 profit of SKr702m after a five-year run of losses.

The group needed a better-than-expected profit of SKr275m in the final three months to return to the black after third-quarter losses of SKr322m dragged it to a nine-month deficit of SKr127m.

The recovery was greeted with relief, helping shares in Investor, the Wallenberg flagship which owns 50 per cent of Saab, to rise SKr6 to SKr244 yesterday. But fourth-quarter profits were still below 1994's SKr418m.

Saab said the main influence on its full-year figures had been the stronger Swedish krona, which cost it "hundreds of millions of krona", according to one executive. The group was particularly hit by the weaker dollar trend as the US is its main export market.

It also pointed to tough industry conditions which forced it to step up marketing and discount programmes.

A final factor was higher investment and technical development costs as the group sought to broaden its product mix, including the planned launch of a car in 1997.

Saab explained the swing between the third and fourth quarters by saying its deliveries to dealers and independent importers were unusually low in the third quarter – largely because of a long holiday shutdown.

Deliveries of 1996 models only took place towards the end of the period, it added.

The company saw retail car sales rise 11 per cent to 98,700 last year, although the upturn came at the cost of lower margins.

The group believed it could post higher sales this year, in line with plans to lift annual sales by as much as 50 per cent in the next five years, but it expected market conditions to remain tough.

It said margins would remain tight because of its investment programme. "We have two tough years ahead of us, although that doesn't mean we will make losses," Saab said.

Investor voiced concern about Saab's ability to sustain acceptable long-term profit levels after the nine-month figures and said it was discussing the group's future with GM.

However, Saab insisted its two owners supported its development strategy, including possible financial assistance if requested.

One-off gains help Kvaerner double to NKr2.4bn

By Hugh Carnegy in Stockholm

Kvaerner, the Norwegian shipbuilding and engineering group which two months ago failed in a bid to take over the UK constructor Amec, yesterday had the consolation of announcing it had doubled profits from NKr1.2bn in 1994 to NKr2.4bn ($372m) in 1995.

But the figures were inflated by several one-time gains, and the prospect of a flatter performance this year – particularly in the big shipbuilding division – left investors unimpressed. Kvaerner shares fell NKr8.50 to close last night at NKr213.50.

The 1995 result was flattered by a gain of NKr568m on the sale of Kvaerner's gas carrier shipping business in April, the unexpected write-back of NKr200m previously put aside in reserves at the group's Warnow shipbuilding yard in Germany, and a gain of NKr235m from the settlement in Kvaerner's favour of a dispute over cost overruns on the delivery of an offshore platform.

Following the failure in late December of the £360m ($554.4m) Amec bid – designed to achieve a quantum leap in Kvaerner's oil and gas and construction operations – analysts said the results underlined scepticism about Kvaerner's prospects. Kvaerner said 1996 profits would be in line with 1995, excluding the shipping sale gain.

The backbone of Kvaerner is its position as Europe's largest shipbuilding group, with yards in Finland, Norway, Germany and the UK. Shipbuilding sales rose from NKr11.2bn to NKr14.2bn in 1995 – accounting for almost half of group turnover, which in turn rose from NKr26.1bn to NKr30.2bn.

Pre-tax profits in the shipbuilding division jumped from NKr1.2bn in 1994 to NKr1.5bn at a time when other European shipbuilders are wracked by losses. But a large portion of the increase was accounted for by the write-back of reserves at Warnow. In the meantime, the order intake in 1995 fell sharply from NKr15bn in 1994 to NKr7bn, and the order backlog at the year-end was down from NKr26.5bn to NKr20.4bn.

Mr Jan Magne Heggelund, chief financial officer, said the drop in orders was partly due to Kvaerner having the strength not to have to take business at low margins in what he acknowledged was "a terrible market". He said shipbuilding would return "a good profit" in 1996, but admitted it would be "difficult to match" the 1995 profit levels.

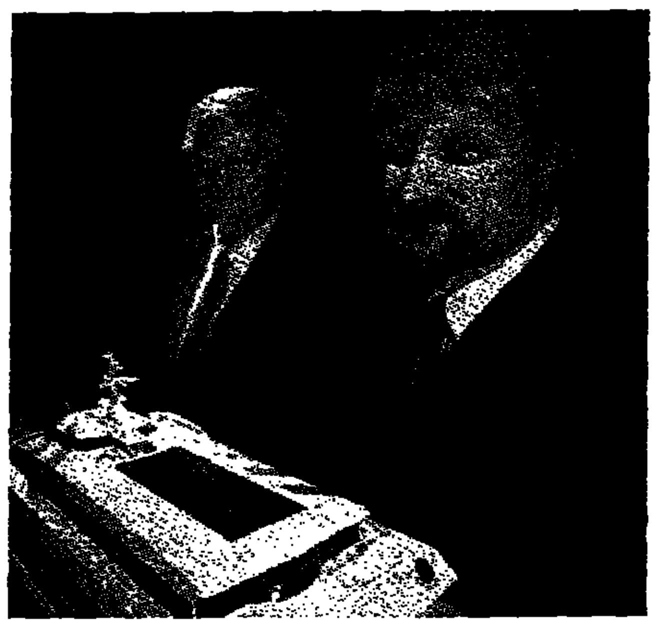
In the oil and gas division, Kvaerner swung to a pre-tax surplus of NKr276m from a loss of NKr496m in 1994. However, this was boosted by the NKr235m gain from the court settlement. Mr Heggelund said Kvaerner remained committed to its strategy to expand internationally, reducing its dependence on the Norwegian North Sea sector, despite the failed Amec bid.

The group is on the look-out for further acquisition targets. It still holds a 26 per cent stake in Amec. Mr Heggelund said no decision had yet been taken on whether to hold on to the stake – which cost Kvaerner £50m – or dispose of it.

Kvaerner's two other main divisions returned weak results in 1995. Mechanical engineering slipped to a pre-tax profit of NKr2m, from a profit of NKr38m in 1994, while pulp and paper lurched into the red, returning a loss of NKr178m compared with a NKr289m profit in 1994.

Kvaerner proposed a dividend of NKr6.50 per share, up from NKr6.00 last year.

Lex, Page 16



Trevor Humphries

Kjell Ursin-Smith (left), Kvaerner MD, and Jan Magne Heggelund

All of these securities having been sold, this announcement appears as a matter of record only.

February 1996

15,861,568 Shares

WORLD COLOR™

Common Stock

2,758,534 Shares

The above shares were offered outside the United States and Canada by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

CS First Boston

Morgan Stanley & Co. International

PaineWebber International

Smith Barney Inc.

ABN AMRO Hoare Govett | James Capel & Co. | Cazenove & Co.
Deutsche Morgan Grenfell | Dresdner Bank-Kleinwort Benson | Indosuez Capital
NationsBank Europe Limited | Paribas Capital Markets | UBS Limited

13,103,034 Shares

The above shares were offered in the United States and Canada by the undersigned.

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ABN AMRO Securities (USA) Inc. | Bear, Stearns & Co. Inc. | Alex. Brown & Sons Incorporated
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Brean Murray, Foster Securities Inc. | Cleary Gull Reiland & McDevitt Inc.
Dain Bosworth Incorporated | Equitable Securities Corporation | First of Michigan Corporation
Furman Selz LLC | Gerard Klauer Mattison & Co., LLC | Interstate/Johnson Lane Corporation
Edward Jones | Legg Mason Wood Walker Incorporated | McDonald & Company Securities, Inc.
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The Ohio Company | Parker/Hunter Incorporated | Pennsylvania Merchant Group Ltd
Raymond James & Associates, Inc. | Roney & Co. | Scott & Stringfellow, Inc.
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European chemicals face downgrade

By Jenny Luesby

Analysts are planning to downgrade forecasts across the European chemicals sector as evidence mounts that destocking by manufacturers which buy chemicals has been even deeper and more sustained than expected.

Last week, Solvay, the Belgian chemicals company, highlighted the scale of the problem with second-half figures that produced 1995 profits about 20 per cent below consensus forecasts.

Rhône-Poulenc of France also announced results below expectations, although these were affected by French industrial action and an explosion at one of the company's plants.

Meanwhile, EVC, Europe's largest manufacturer of PVC, has warned that trading conditions have been worse than expected, leading some analysts to suspect that it made losses in the fourth quarter.

"It is no secret that the second half was difficult for the chemical industry," said one analyst. "But December appears to have been terrible."

In the UK, profit warnings have triggered downgrades across the sector, affecting Holliday Chemicals, Albright & Wilson, Allied Colloids, British Vita, Laporte, Yorkshire Chemicals and Hickson International.

But these revisions anticipated a rebound in demand this year, which, according to Holliday, has not appeared.

This has left analysts holding their 1996 forecasts for UK companies, but "with some nervousness" according to one, who said commitments to cut costs would be needed to prevent a downgrade of ICI, the UK's largest chemicals company.

In Europe, the companies which are likely to be most seriously affected by weak demand are BASF and Hoechst of Germany, DSM and Akzo Nobel of the Netherlands, Norsk Hydro of Norway and Kemira of Finland.

But views remain mixed on how gloomy the outlook is.

Mr Shaw Bridges, of Merrill Lynch, believes that "the environment is now firming up", but another analyst said prospects were "most definitely bleak for the first quarter" and a third said he expected "downgrades in chemicals throughout the year".

EUROPEAN NEWS DIGEST

AssiDomän settles row with Stratton

AssiDomän, the Swedish paper and packaging group, and the Bahamian investment company Stratton have settled their differences over Sepap, the Czech paper group, in which they are the main shareholders. They also said they might co-operate in future investments in the pulp and paper sector in central and eastern Europe.

The reached "a framework agreement governing relations between [them] as co-shareholders in Sepap". The agreement also covers the "continuing relationship between Stratton and AssiDomän in the [regional] paper industry". The deal ends months of uncertainty over Sepap's future following a clash between the two shareholders last November. Stratton, which controls 51 per cent of Sepap in alliance with another shareholder, said contracts between the Czech company and AssiDomän, agreed before Stratton acquired control and which were subsequently suspended, would be "reinstated and would continue".

These include marketing agreements between AssiDomän and Sepap on sales in western Europe that Stratton initially said damaged the Czech company. Mr Daniel Arbess, Stratton chief executive, said the investment company was "now satisfied with the marketing arrangements". Under the framework agreement two AssiDomän representatives will be appointed to Sepap's five-strong board. Stratton secured full control of the management board last year at an acrimonious shareholder meeting that revealed deep differences between the two shareholders over Sepap's relationship with the Swedish company.

Sepap is the largest Czech pulp and paper company and has spent heavily on restructuring its operations over the past few years. AssiDomän bought a stake last summer and now owns 39 per cent, and will be the operating partner at the company.

Vincent Boland, Prague

Ufa buys film package

Ufa, the film and television division of Bertelsmann, Germany's largest media group, yesterday bought the distribution rights for a package of films from Phoenix-Pictures of the US in an attempt to increase its market share from 2.4 per cent. The price was not disclosed. Ufa bought 300 films, whose titles include *Philadelphia* and *Cliffhanger*, and has already sold the rights to Vox, the German private commercial channel and ARD, the state-run television network. Bertelsmann, through Ufa, and Canal Plus, the French commercial television network, each have 24.9 per cent in Vox, while Mr Rupert Murdoch's News Corporation holds 49.9 per cent.

The purchase follows several large film distribution deals made by German television companies over the past few months, the largest being the DM1.4bn ($947m) acquisition made last week by the Kirch group for a package of films from Colombia TriStar International Television, a subsidiary of Sony Entertainments.

Judy Dempsey, Berlin

Gas Natural surges

Gas Natural, the dominant Spanish gas company partly owned by the Repsol oil concern, reported a 60 per cent jump in net profits to Pta35.8bn ($289m) last year. But in strictly comparable terms the increase was 22 per cent, following the absorption in 1994 of the formerly state-controlled gas supply, transport and storage company Enagás.

The group, in which Repsol holds 45 per cent and the Barcelona-based savings bank La Caixa 25 per cent, started consolidating Enagás results from the second half of 1994. It said earnings last year were also helped by increased demand, especially from industry, and by improved margins. Net sales were 26.5 per cent up for the year at Pta290bn. It boosted its fixed investment outlays by 41 per cent during the year to Pta91.5bn.

David White, Madrid

Luxembourg bank advances

Banque Générale du Luxembourg increased net profit to LFr3bn ($98m) in 1995, up 11 per cent on the previous year. The group, one of Luxembourg's biggest banks, said an overall improvement in its balance sheet stemmed from an increase in deposits from resident and non-resident customers. At the end of last year customer funds totalled LFr591.6bn, up 9.3 per cent on the previous year. Total assets were LFr889bn, up 13.4 per cent compared with 1994. Consolidated results showed a 17.7 per cent improvement in gross income which rose to LFr17bn. Net interest income rose despite pressure on interest margins but the bank said a fall in interest rates led to a strong rise in profits from financial transactions.

Emma Tucker, Brussels

■ Sogefi, the Italian car components company, increased net consolidated profits in 1995 to L34.1bn ($21.7m), against L27.1bn in 1994. Turnover at the company, 57 per cent owned by Cir, one of the De Benedetti family's two Italian holding companies, rose 13.6 per cent to L913.2bn.

John Simkins, Milan

EUROPE ASIA DYNAMIC FUND
FCF
2, Boulevard Royal, Luxembourg
DIVIDEND ANNOUNCEMENT

EUROPE ASIA DYNAMIC FUND will pay one a dividend of USD 0.10 per share on February 20th, 1996.

Shares are traded ex-dividend as from February 13th, 1996.

The dividend is payable to holders of bearer shares against presentation of coupon no.6 to the following:

BANQUE INTERNATIONALE A LUXEMBOURG
69, route d'Esch, 2953 Luxembourg
GRAND-DUCHY OF LUXEMBOURG

The Board of Directors of Europe Asia Dynamic Fund Management S.A., Société Anonyme

THE THAILAND FUND
International Depositary Receipts (IDRs)
Issued by
Morgan Guaranty Trust Company of New York
Evidencing Beneficial Certificates representing 1,000 Units

Notice is hereby given to the unitholders that the Thailand Fund declared a distribution of Baht 12.23 per share. The Record Date for this dividend is December 31st, 1995.

As of February 16, 1996 payment of coupon number 9 of the International Depositary Receipts will be made in US dollars at the net rate of US$433.85 per IDR after deduction of 10% Thailand withholding tax and depositary fee of US$ 1.28.

Payment will be made at one of the following offices of Morgan Guaranty Trust Company of New York:

Brussels 35, Avenue des Arts
London 60, Victoria Embankment
Frankfurt 46 Mainzer Landstrasse

In compliance with the terms and conditions of the Deposit Agreement the dividend will be paid by the Depositary or the afore-mentioned agents, against presentation of the coupon and the appropriate, and duly completed certificate of nationality and residence.

Depositary: Morgan Guaranty Trust Company of New York, Avenue des Arts 35, 1040 Brussels

JP Morgan

Correction Notice

St.George Bank Limited
A.C.N. 055 513 070

U.S. $250,000,000
Floating Rate Notes due 2000

Notice is hereby given that for the Interest Period 8th January, 1996 to 9th April, 1996 the Notes will carry a Rate of Interest of 5.90547% per annum. The Interest Amounts payable will be U.S. $150.92 per U.S. $10,000 Note and U.S. $1,509.18 per U.S. $100,000 Note. The Interest Payment Date will be 9th April, 1996.

Bankers Trust Company, London — Agent Bank

COMMERZBANK OVERSEAS FINANCE N.V.
U.S.$ 150,000,000 Subordinated Collared Floating Rate Guaranteed Notes Due 2005

In accordance with the provisions of the Notes the following notice is hereby given:

Interest Period: February 12, 1996 to August 12, 1996 (182 days)
Interest Rate: 5.25 % p.a.
Coupon Amount: U.S.$ 132.71 per U.S.$ 5,000 Note
U.S.$ 2,654.17 per U.S.$ 100,000 Note
Payment Date: August 12, 1996

Frankfurt/Main, February 1996

COMMERZBANK

CITICORP
U.S. $250,000,000
Guaranteed Floating Rate Subordinated Capital Notes Due July 10, 1997

Pursuant to Paragraph (d) of the Terms and Conditions of the Notes notice is hereby given that the period in respect of Coupon No. 51 will run from February 29, 1996 to March 29, 1996. A further notice will be published stating the Rate of Interest and Coupon amount payable.

February 13, 1996, London
By: Citibank, N.A. (Issuer Services), Agent Bank — CITIBANK

St.George Bank Limited
A.C.N. 055 513 070

U.S. $100,000,000
Floating Rate Notes due 1998

Notice is hereby given that for the Interest Period 12th February, 1996 to 13th May, 1996 the Notes will carry a Rate of Interest of 5.7625% per annum. The Interest Amounts payable will be U.S. $145.66 per U.S. $10,000 Note and U.S. $1,456.63 per U.S. $100,000 Note. The Interest Payment Date will be 13th May, 1996.

Bankers Trust Company, London — Agent Bank

AMERICAN EXPRESS BANK LTD.
US $250,000,000
SUBORDINATED FLOATING RATE NOTES DUE 2004

In accordance with the provisions of the Notes, notice is hereby given that for the period 12 February 1996 to 12 August 1996 the Notes will carry a rate of interest of 5.28906% per annum with a coupon amount of US$26.71 per US$1000.00 Note.

CHEMICAL AGENT BANK

KNIGHT-RIDDER'S FUTURES MARKET DATAKIT FROM $570

Spain's bankers braced for fresh bout of mergers

BCH and Argentaria look the most likely targets in any renewed takeover activity, reports **Tom Burns**

The mood of Spanish voters in the run-up to next month's general election appears to be more settled than that of the big domestic banks. Opinion polls consistently show the centre-right Popular party ahead of the governing Socialists, but there is no such certainty over who will be dominating Spain's financial sector in the late 1990s.

Madrid's rumour mill is to be believed, banking mergers are the order of the day. Speculation that Banco Popular was preparing an assault on Banco Central Hispano upset the market recently, and the planned disposal in March of government-held equity in Argentaria has raised talk of Banco Bilbao Vizcaya's designs on the state-controlled banking group.

Mr Emilio Botín, chairman of Banco Santander, and Mr Francisco Luzón, Argentaria's chairman, say the lines of the domestic banking map have finally been drawn and it is now time to consolidate. Others, notably Mr Emilio Ybarra, BBV's chairman, and Mr Luis Valls, Popular's chairman, suggest the field is still wide open.

The disparate views reflect the individual strategies of the big banks and the recent upheaval in the sector.

In 1989, Banco Bilbao and Banco Vizcaya merged to create BBV. Two years later, the state-controlled banks were reorganised, and Argentaria was created as the government reorganised its holdings in credit institutions. In the same year Banco Central and Banco Hispanoamericano joined forces to form BCH. Then in 1994 Banco Santander took over Banco Español de Crédito (Banesto) to become Spain's biggest banking group.

These mergers resulted in developments that profoundly altered the nature of Spanish banking. Compulsory reserve requirements that had enabled the government to keep the banks on a tight leash were abandoned in accordance with EU directives, and in 1989 Santander signalled the start of cut-throat competition by introducing high-interest current accounts.

SPANISH BANKS – 1995 FIGURES

	Assets (Pta bn)	Attributable net profits (Pta bn)	Net int margin	Branches
Santander	16,437	75.39 (+8.3%)	158.7	4,182
Banco Bilbao Vizcaya	14,136	84.01 (+16%)	176.9	3,333
Argentaria	11,837	74.2 (+11.7%)	86.4	1,525
Banco Crl Hispano	10,836	12.47 (-62%)	94.8	2,981
Popular	3,345	57.48 (+5%)	114.9	1,835

Source: bank reports

The banking sector's uneven 1995 results reflect the impact of the earlier upheaval. BBV, which has fully completed the 1989 merger, saw attributable net profits soar last year by 16 per cent to Pta84bn ($676m), while Santander, its chief rival which is absorbing the costs of its 1994 takeover of Banesto, managed only an 8.3 per cent increase to Pta75.3bn.

BCH claimed in 1995 that it had "definitively completed" its 1991 merger, but it has done so at a considerable cost. The bank's efforts to cover its damaged loan portfolio sent attributable net profits tumbling by 62 per cent to Pta12.4bn and forced a 40 per cent cut in its annual dividend for the second year running.

Argentaria, which last year restructured its main subsidiary, Banco Exterior, also made some large provisions, but reduced tax charges allowed it to raise attributable income by 11.7 per cent to Pta74.2bn.

BCH and Argentaria look the most vulnerable targets in any renewed takeover activity – the former because its share value is depressed; the latter because it is undergoing further privatisation (the government will reduce its stake from 50 per cent to 25 per cent in next month's offering).

The highly capitalised Popular group, the smallest of the big banks, has the funds to be a potential buyer. The bank has raised its provisions, despite its healthy balance sheet, and declared a 1995 profit rise of just 5 per cent to Pta57.4bn. But Popular said it was concerned about tightened margins and could seek to widen its asset base through an acquisition.

Some analysts believe Popular has BCH in its sights, but Popular's Mr Valls said recently that any takeover would be the result of a "transparent and agreed bid" and that BCH was "not talking".

Another potential buyer is BBV, whose chairman, Mr Ybarra, is believed to favour purchasing Argentaria stock. Pressed by London analysts last week, however, Mr Ybarra denied any move on Argentaria.

Mr Luzón, Argentaria's chairman, has insisted the partly-privatised institution should remain "independent". Next month's offering of Argentaria stock aims to keep predators at bay by widely distributing the bank's shares among domestic retail investors and foreign institutions.

Santander's Mr Botín has publicly opposed further mergers and, in particular, a BBV bid for Argentaria. But Mr Botín apparently anticipates that under a Popular Party government there could be a banking shake-up equivalent to that which took place under the Socialist administration. He has warned he will not stand back should rival institutions seek to grow by acquisition and draw level with Santander.

Polish bourse banks on new premier

Foreign buyers of Polish bank shares have shrugged off political uncertainty and a controversial bank consolidation scheme to become the main impetus behind the more than 40 per cent rise in the Warsaw Stock Exchange's WIG index since the start of the year.

Yesterday, for the first time, the upswing also included Bank Przemyslwo Handlowy (BPH), the Krakow-based bank whose shares have languished since its reluctant inclusion in the bank consolidation plan. BPH shares attracted strong buying and rose 9.8 per cent yesterday on hopes that the plan will be amended by the new government headed by Mr Wlodzimierz Cimoszewicz.

The star performers this year have been Wielkopolski Bank Kredytowy (WBK), based in Poznan, with a 62 per cent rise at close of trading on Friday, followed by BRE – 21 per cent owned by Commerzbank of Germany – whose shares have risen by 56 per cent. Yesterday WBK added a further 5 per cent while BRE rose a modest 2 per cent.

The performance of the 12 banks quoted on the WSE largely determines the overall performance of the exchange because they account for 35 per cent of the overall $6.5bn market capitalisation. This is high even by the standards of other emerging markets. In Turkey and Greece, banks account for about 20 per cent of total market value.

The weight of the banks reflects how the government's drive to privatise banks has outrun new flotations by industrial or commercial companies. Four of the nine regional banks hived off from the central bank in 1989 – as well as the Export Development Bank (BRE), the formerly state-owned foreign trade bank – make up the bulk of bank stocks on the WSE.

The government's consolidation plan was designed to speed up the privatisation process by linking four of the five remaining banks to the stronger state-owned banks, Pekao SA and Bank Handlowy, before selling off the enlarged – and, it was hoped, strengthened – groups. The plan is now under review after strong protests by minority foreign shareholders in BPH and concern from the US treasury.

The government's proposal to transfer its 46.6 per cent stake to Bank Handlowy was particularly controversial. It dismayed BPH's minority investors, who include the Dutch-based ING group and the European Bank for Reconstruction and Development (EBRD). But yesterday's rise in BPH shares was a response to signals from the finance ministry that the fate of the bank is not yet sealed.

Mr Ryszard Pazura, the deputy finance minister, who has been responsible for the banking sector since the beginning of this year, noted last week that the government's consolidation decision had not formally been signed by Mr Jozef Oleksy, the former prime minister. "We are currently studying the whole issue and sounding the opinions both of the banks which are to be included in the scheme and of the banks which are to be the leaders of the two groups," he said.

A final decision is expected later this month, once enabling legislation has been passed by parliament. But the chances of changes to the consolidation proposals have risen now that Mr Oleksy has been replaced by Mr Cimoszewicz. The new prime minister is not bound by the earlier proposals. Even if the decision to hand over the BPH shares to Bank Handlowy does go ahead "strings would be attached" to ensure governance remained in private hands and that the interests of the minority investors were respected, Mr Pazura added.

These are the assurances the US Treasury has been seeking in its role as guardian of the western government-funded $460m Polish Bank Privatisation Fund (PBPF). The PBPF, which uses funds originally earmarked in 1990 to underpin the zloty, reimburses the Polish treasury for the interest costs on government bonds handed to the commercial banks in 1994 to bolster their balance sheets after a local corporate debt reduction programme. But the PBPF only makes payments on interest paid to private banks. Last month it held up a $8m tranche destined for the BPH while it enquired whether the bank would remain in the private sector if the government's shares were transferred to the still state-owned Bank Handlowy. Those doubts are now dissipating fast.

Cimoszewicz: his new government may review banks plan Reuter

Christopher Bobinski
Anthony Robinson

EUROPEAN NEWS DIGEST

Klöckner-Werke posts DM14m loss

Klöckner-Werke, the troubled German automotive and packaging group, yesterday reported gross losses of DM14m ($9.48m) for the three months ended December 31, but said the results were better than forecast. The group reported a deficit of about DM50m in the corresponding period a year earlier.

It recorded a net loss last year of DM210m, which Mr Heinz-Ludwig Schmitz, the chief executive who took over in December, blamed on falling margins, rising costs for raw materials and provisions for restructuring. Mr Schmitz said the group had lifted sales in the three-month period by 5 per cent to DM1.04bn but new orders were stagnant at DM1.07bn.

Klöckner-Werke last year indicated it wanted to write-down its capital, but Mr Schmitz said he would be unable to obtain the necessary 75 per cent of votes to support the move at the annual meeting in March. A final decision about the write-down would only be taken once the restructuring programme had been completed, which was unlikely to be before the end of this year. "We first have to prove that Klöckner Werke is consistently profitable," Mr Schmitz said. "Only then can we win over our shareholders for such measures." *Michael Lindemann, Bonn*

Ahold sees strong growth

Ahold, the Dutch supermarket group, expects annual turnover to more than double over the next 10 years to about Fl 60bn ($1.98bn) through organic growth alone. "I predict that the very large distributors will take steps towards large-scale, cross-border activities, and the regional and national players will come under pressure," said Mr Cees van der Hoeven, the group's president, in an interview with the magazine of the Robeco group of investment funds.

"So we're talking about companies with turnover in the order of upwards of Fl 150bn, Fl 200bn, Fl 250bn." Mr Van der Hoeven said Ahold would want to be in that leading group. "Possibly that would imply a mega-merger or a very large acquisition," he added. He said that even without such a "mega-deal", organic growth over the next 10 years or so within the Ahold group would ensure annual turnover of between Fl 60bn and Fl 70bn. In 1995, Ahold posted a 2.1 per cent increase in sales to Fl 29.6bn. Mr Van der Hoeven also reiterated the group's strategy of expanding in east Asia. "We are in discussions with China, Malaysia and Thailand," he said. *Reuter, Amsterdam*

Deutsche Telekom software buy

Deutsche Telekom has bought a majority stake in SAP-S, a subsidiary of the SAP software company in order to create new software for telecoms companies. Deutsche Telekom will hold a 50 per cent plus one share stake in the company, which employs about 100 people and had sales last year of DM26m ($17.6m). SAP has had considerable success with its R/3 management software package – which is used by Microsoft, the US software group – but Deutsche Telekom said there was a growing market for software tailored for telecoms companies. *Michael Lindemann*

Total upbeat on prospects

Total, the French oil company, expects a "substantial increase in profits from 1995 pre-exceptional profits," said Mr Thierry Desmarest, chairman. Factors driving the improvement would include higher productivity and rationalisation of refining activities, he told Le Figaro, the French newspaper. Total posted 1995 net attributable profit of FFr2.2bn ($434m), down from FFr3.4bn the previous year. Pre-exceptional profit in 1995 climbed from FFr3.4bn to FFr3.7bn. *Reuter, Paris*

Strategic advice for clients in 1995
Defence assignments...

Forte plc – acquired by – Granada plc – MORGAN STANLEY & CO. – January 1996 – United Kingdom – Leisure

Wellcome plc – acquired by – Glaxo plc – MORGAN STANLEY & CO. – March 1995 – United Kingdom – Pharmaceuticals

Gruppo Bancario Credito Romagnolo SpA – acquired by – Credito Italiano SpA – MORGAN STANLEY & CO. – April 1995 – Italy – Banking

Holvis AG – acquired by – BBA plc – MORGAN STANLEY & CO. – June 1995 – Switzerland – Paper

Aran Energy plc – acquired by – Statoil (U.K.) Limited – MORGAN STANLEY & CO. – December 1995 – Ireland – Oil & Gas

First Interstate Bancorp – merger with – Wells Fargo & Co. – MORGAN STANLEY & CO. – January 1996 – United States – Banking

MORGAN STANLEY

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Strategic advice for clients in 1995
Complex capital raising and privatisation...

Fininvest – ITL 1,247,500,000,000 – Capital Increase of Gruppo Mediaset fully underwritten by Nethold B.V. Kingdom PTB Pay-TV – MORGAN STANLEY & CO. – October 1995 – Italy – Media

TeleWest plc – U.S. $1,836,413,000 – 9.625% Senior Debentures Due 2006 – 11% Senior Discount Debentures Due 2007 – Lead Managed by – MORGAN STANLEY & CO. Incorporated – October 1995 – United Kingdom – Media

The Belgian State – sale of a 49.9% shareholding in Belgacom to – Ameritech International Inc. – Tele Danmark International – Singapore Telecom International Pte. Ltd – MORGAN STANLEY & CO. – Pending – Belgium – Telecommunications

Gucci Group N.V. – U.S. $619,000,000 – Initial Public Offering of 28,175,000 Common Shares – Global Coordinator – MORGAN STANLEY & CO. International – October 1995 – Italy – Luxury Goods

Sappi Limited – U.S. $250,000,000 – Euro-Convertible Notes – Joint Lead Managed by – MORGAN STANLEY & CO. International – July 1995 – South Africa – Paper

SGS-Thomson Microelectronics N.V. – U.S. $900,000,000 – Public Offering of 20,700,000 Common Shares – Global Coordinator – MORGAN STANLEY & CO. Incorporated – October 1995 – France/Italy – Technology

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AMERICAS NEWS DIGEST

Telex-Chile rapped for misreporting

Trading in Telex-Chile, a long-distance carrier, was suspended briefly on Monday in Santiago and New York, after the Chilean securities commission announced it was fining the company for misreporting profit figures in its 1993 and 1994 accounts and requesting new financial accounts for 1995.

The securities commission charged that Telex-Chile had improperly included results from a leaseback operation by a subsidiary in its profit statements, and said the 1993 and 1994 position must be compensated for by taking a loss for the equivalent $8.9m in the 1995 results.

The company auditors, Price Waterhouse, were also fined. Both they and the company said they would challenge the commission's ruling in the courts. Local brokers were surprised the commission reacted so slowly to the company accounts but thought the ruling would be useful in helping formulate Chile's GAAP accounting principles. This is the second controversy affecting Telex-Chile in less than a year. It was accused by a rival company last year of artificially bolstering its long-distance traffic, though the charge was never proved. *Imogen Mark, Santiago*

Corimon slides into red

Corimon, the Venezuelan paints group, posted a 1995 third-quarter loss of constant-value Bs35.835bn (US$123.7m), after a Bs2.735bn profit for the same period last year. The figures do not consolidate results at its subsidiaries – Standard Brands Paints in the US, Colorin in Argentina and General Paints in Mexico – and come amid efforts by Corimon to restructure $151m of debt with creditors.

The company blamed the losses on "the difficult situation of its foreign subsidiaries, as well as last December's devaluation of the bolivar", which accounts for 44 per cent of the losses. Sales in the last quarter rose 28 per cent year-on-year to constant-value Bs11.97bn. *Raymond Colitt, Caracas*

Ernst & Young in India link-up

Ernst & Young, one of the global Big Six accountancy and financial advice firms, has formed an alliance with Tata Consultancy Services of Bombay to serve multinational clients. TCS has revenues of $130m and 5,000 professionals in 100 cities. Up to a quarter of its revenue comes from the UK, and it specialises in IT systems development.
Jim Kelly, Accountancy Correspondent

Honeywell to buy Duracraft

Honeywell, the US environmental control group, has agreed to buy Duracraft – a maker of household products such as heaters, fans, humidifiers and air cleaners – for $283m. Mr Bernard Chiu, chairman and chief executive of Duracraft, has agreed to tender his 31 per cent stake in the company to Honeywell, which has begun a cash tender offer in the market at a price of $43¼ for each Duracraft share. Duracraft's shares jumped $15½ to $43 on the news. *Maggie Urry, New York*

Airline chief sacked after loss

Mr Edward Acker, chairman and chief executive of BWIA International of Trinidad, has been sacked after the airline reported a US$3.6m loss in the year since it was privatised. Mr Acker, a former chief executive of Pan American, Eastern Airlines and Air Florida, all of which are defunct, led a consortium which bought controlling interest in the airline for the Trinidadian government. He has been replaced as chairman by Mr Anthony Jacelon. The loss by the airline was mostly in the last quarter of 1995. *Canute James, Kingston*

Rock singer sues record label for $14m royalties

By Alice Rawsthorn

Meat Loaf, the US rock singer, is suing his record company claiming that it owes him $14m in unpaid royalties for his best-selling album, *Bat Out Of Hell*.

The singer filed suit against Cleveland Entertainment, a small Ohio-based record label, after similar action by Cleveland last autumn against Sony Music, which manufactured and distributed the album on its behalf.

Meat Loaf's suit comes at a time when musicians are becoming increasingly aggressive in their dealings with record companies. Stars are demanding more and more lucrative deals to renew their contracts, culminating in last month's $85m agreement between the US singer, Janet Jackson, and Virgin Music.

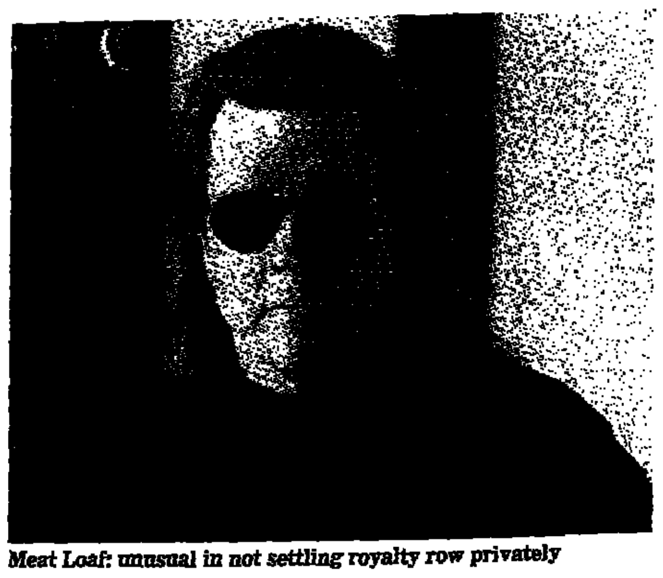
Meanwhile, the UK music industry faces the threat of its finances being exposed to public scrutiny when Robbie Williams, the singer who last year left the successful boy band, Take That, goes to court to sever his contract with the RCA label. His case is due to start on February 26.

The Meat Loaf suit follows years of wrangling between the singer, Cleveland Entertainment and Sony Music over royalties for *Bat Out Of Hell*, which was first released in the US in 1977 and sold steadily throughout the 1980s to become one of the best-selling rock albums to date.

However, the exact level of sales is under dispute, as is the precise value of the royalties payable. Meat Loaf claims that Sony has sold more than 25m copies of *Bat Out Of Hell* and that he is owed $14m in unpaid royalties. He is suing Cleveland to try to recover that money. For its part, Cleveland claims that Sony has refused to release the necessary financial information for it to calculate the level of royalties payable. It also alleges that Sony has "wilfully and maliciously" distorted the deductions it is allowed to make under the terms of its contract to reduce the royalties owing.

Royalty rows are commonplace in the music industry, with artists often complaining that they have been short-changed by their labels. TLC, the girl group which released *CrazySexyCool*, one of the best-selling US albums of 1995, cited the low royalty rate on its old contract with Peppitone Records as a reason why it was forced to file for bankruptcy.

However, most royalty disputes are settled privately, particularly those involving high profile names such as Meat Loaf.



Meat Loaf: unusual in not settling royalty row privately

Morgan Stanley doubles directors' bonuses

By Maggie Urry in New York

Bonuses for top directors at Morgan Stanley, the Wall Street investment bank, almost regained the record 1993 level in 1995, with Mr Richard Fisher, the chairman, receiving over $4m in bonuses, more than twice his 1994 figure. However, awards of restricted stock – shares in the company which cannot be sold for 10 years – remained well below the 1993 amounts.

The bonuses reflect a sharp recovery in profits in 1995 after a poor year in 1994. They are higher than many had expected and may set the tone for the industry. Morgan Stanley has a November financial year-end and files its proxy statement, in which bonuses are detailed, earlier than most investment banks. Lehman Brothers, which also has a November year-end, is due to file its statement with the Securities and Exchange Commission later this month.

Mr Fisher's bonus of $4.19m was still short of his 1993 bonus of $4.44m, but above the $2.06m he received in 1994. His salary was $477,329 in 1995, which was a 10-month financial year, down from $575,000 in 1994. Mr Fisher was also awarded $2.07m in restricted stock. In 1994 he received no restricted stock, but in 1993 was awarded $5.63m.

Adding all three together, Mr Fisher received over $10.5m in 1993, and a lesser $6.74bn in 1995.

Mr John Mack, Morgan Stanley's president, also received a doubled bonus in 1995 of $4.14m, compared with $2.03m in 1994 and $4.33m in 1993. His restricted stock award was $2.05m in 1995, down from $5.46m in 1993. Like Mr Fisher he received no restricted stock in 1994. His salary was $456,575 in 1995, compared with $550,000 in 1994 and $450,000 in 1993.

Compensation for other senior directors followed a similar pattern.

Inco in quandary over Voisey's Bay bid battle

By Bernard Simon in Toronto

Inco, the Canadian group which is the western world's biggest nickel producer, is in an uncomfortable position as the battle unfolds for control of a spectacular nickel, copper and cobalt deposit at Voisey's Bay, Labrador.

Inco's quandary is reflected in its share price, which has dropped sharply since its arch-rival, Falconbridge, launched a friendly C$4bn (US$2.92bn) bid last Friday for Diamond Fields Resources, the small Vancouver company that owns 75 per cent of the Voisey's Bay deposit.

Inco shares fell to C$45.88 in early trading in Toronto yesterday, C$3.38 below their level before the Falconbridge bid.

Most analysts expect Inco to step forward with a counter-offer for Diamond Fields in the next few days. Mr Manford Mallory, analyst at Research Capital in Toronto, said yesterday: "There's no question that Inco would like to own [Voisey's Bay], but the question is how and at what price."

Inco bought a 7 per cent stake in Diamond Fields as well as a 25 per cent direct interest in the deposit last year. It also gained a right to market the mine's entire nickel and cobalt output for the first five years after it comes on stream around 2000.

Voisey's Bay is expected to be one of the world's biggest and lowest-cost nickel mines. Production was initially estimated at 133 lbs a year, equal to 8 per cent of world consumption. But further discoveries have suggested that the figure could at least double.

Inco was in the throes of negotiating a deal with Diamond Fields, when Falconbridge approached Mr Robert Friedland, Diamond Fields' chairman, four weeks ago. According to a source close to Inco, "they thought the whole thing was done".

Mr Frank Pickard, Falconbridge's chief executive, said yesterday that Mr Friedland told him "his heart was with Falconbridge, but his head and his wallet were with Inco. I guess his heart won".

At least two other companies – RTZ, the UK-based group, and Minorco, the international arm of South Africa's Anglo American – have also been in talks recently with Diamond Fields. BHP, Australia's biggest company, has also been mentioned as a possible counter-bidder, but analysts suggest all three companies prefer not to become embroiled in bid battles. Also, both BHP and RTZ are still digesting recent big mergers – BHP with Magma Copper of the US and RTZ with CRA of Australia.

Expectations of a rival bid were reflected in Diamond Field's shares, which gained C$1.50 to C$38 in early trading yesterday. Falconbridge's offer, which comprises a maximum of 15 per cent cash, is valued at about C$36.30 a share.

Mr Tony Hayes, analyst at Credifinance Securities in Toronto, predicted that "unless there's a really silly bid, Inco is going to win it." Mr Hayes estimated that Inco, thanks to its existing holdings, could offer up to C$45.37 a share, and still end up paying less for Voisey Bay than Falconbridge.

However, other analysts cautioned that Inco, which is widely owned, could face shareholder opposition. "There would be a lot of dilution of earnings for the next few years," Mr Mallory said.

Inco is in the middle of a costly share buy-back plan put in place last year under pressure from shareholders. The company agreed to buy back 10m common shares by July 1996. About one-third of the purchases had been completed last December at a cost of US$105m.

Mexican market hi[t] by Sidek default ta[lk]

By Daniel Dombey in Mexico City

The threat of default on [...]0m of foreign obligation[s] by Grupo Sidek, a Mexican [st]eel and tourism conglom[er]ate with total debts of $[2]bn, sharply depressed sent[im]ent in the Mexican market [yest]erday, leaving the leading [st]ock market index down 2.3 per cent at 2,914 points m[id]way through the trading day.

Sidek announced lat[e l]ast week that it was suspe[nd]ing repayments of principal [on] all its obligations, after ag[ree]ing a framework for negoti[atio]ns with 17 Mexican banks [wh]ich account for almost 70 pe[r c]ent of its total obligations.

No agreement was re[ach]ed with foreign creditors [w]ho own about $600m of the [co]mpany's debt, and wi[ll] be invited to negotiation[s] in March. Sidek expects to [re]ach agreements by August [t]his year and honour the re[stru]ctured maturities thereaft[er].

Sidek, which claims [to]tal assets of $3.3bn, saw its [d]ebt mount before the Dece[m]ber 1994 devaluation hit its [st]eel business and Situr, its tou[ri]sm real estate subsidiary. A[mo]ng the first creditors affecte[d] by Sidek's default are holder[s o]f a $20m private debt issue w[h]ich has just matured.

Mr José Julián Franco, [Sid]ek chief financial officer, [sa]id Sidek had about $600[m] of assets which it was cons[ide]ring selling. The com[pa]ny recently sold a 65 per [ce]nt stake in two Mexico [Ci]ty hotels to the Marriott Cor[p] for $120m.

Mr Franco added, how[ev]er, that the company would t[ry] to retain strategic investmen[ts] in beach resorts and the [st]eel sector.

He insisted there would [b]e no difference in the terms [an]d conditions open to Mex[ica]n and to foreign creditors. W[he]n Grupo Tribasa, a Mexican [co]nstruction group also hit by [th]e effects of recession and dev[alu]ation, recently announce[d] a $600m debt restructur[in]g, some analysts said tha[t] it could leave outside b[on]dholders at a disadvantage. [Tr]ibasa denied this.

Strategic advice for clients in 1995
Trans-Atlantic M&A transactions...

Pharmacia AB — merger with — *The Upjohn Company* — MORGAN STANLEY & CO. — October 1995 — Sweden/United States — Pharmaceuticals

The Dow Chemical Company — sale of Marion Merrell Dow to — *Hoechst AG* — MORGAN STANLEY & CO. — July 1995 — United States/Germany — Pharmaceuticals

Grand Metropolitan plc — acquisition of — *Pet Inc.* — MORGAN STANLEY & CO. — May 1995 — United Kingdom/United States — Food

Exide Corporation — acquisition of — *CEAc S.A.* — MORGAN STANLEY & CO. — May 1995 — United States/France — Automotive Components

Sandoz AG — acquisition of — *Genetic Therapy* — MORGAN STANLEY & CO. — August 1995 — Switzerland/United States — Pharmaceuticals

The Charles Schwab Corporation — recommended offer for — *ShareLink Investment Services plc* — MORGAN STANLEY & CO. — May 1995 — United States/United Kingdom — Financial Institutions

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Strategic advice for clients in 1995
Cross-border European transactions...

Commerzbank AG — recommended offer for — *Jupiter Tyndall Group plc* — MORGAN STANLEY & CO. — June 1995 — Germany/United Kingdom — Financial Institutions

Swiss Reinsurance Company — acquisition of — *Alhermij Holland Re Holding B.V.* — MORGAN STANLEY & CO. — July 1995 — Switzerland/Netherlands — Financial Institutions

KNP BT — sale of KNP Leykam Bruck AG to — *Norske Skogindustrier A/S* — MORGAN STANLEY & CO. — November 1995 — Netherlands/Austria/Norway — Paper

Finnish Government Guarantee Fund — sales of Skopbank assets to — *Svenska Handelsbanken* — MORGAN STANLEY & CO. — June 1995 — Sweden/Finland — Financial Institutions

Merita Bank — sale of Nordfinanz Bank Zürich to — *Union Bancaire Privée* — MORGAN STANLEY & CO. — November 1995 — Finland/Switzerland — Financial Institutions

Oy Tamro AB — acquisition of — *ADA AB* — MORGAN STANLEY & CO. — December 1995 — Finland/Sweden — Pharmaceuticals

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INTERNATIONAL COMPANIES AND FINANCE

Trading halted in HK media groups

By John Ridding

Shares in South China Morning Post (Holdings) and TVE were suspended yesterday, fuelling speculation that the publisher of Hong Kong's leading English-language daily was set to bid for the media production and property group.

Company officials declined to comment, but industry analysts said Mr Robert Kuok, chairman of SCMP, was planning a strategic move into the Chinese-language publishing market through the acquisition of TVE's Chinese-language magazines. These include TV Week, the Chinese edition of Cosmopolitan, and Amoeba, a youth magazine.

They added that the SCMP chairman may also be drawn by TVE's real estate assets, including a large site in Clearwater Bay in the New Territories. Including these assets, the company is valued at more than HK$1.3bn (US$168m).

The suspension came ahead of the announcement of interim results for SCMP. These showed net profits of HK$426.8m for the six months to the end of December, a sharp rise over the HK$300.6m recorded in the corresponding period of 1994.

The rise reflected an exceptional gain of HK$181m from the sale of the company's old headquarters. Excluding this gain, operating profits declined from HK$362m to HK$288.8m.

Mr Kuok already has close ties with TVE, which was split off from TVB, the television broadcaster in 1988 to comply with media cross-ownership laws. The Kerry group, which combines some of Mr Kuok's investment interests, holds about 31 per cent of TVE.

The other large shareholder in TVE is the Shaw Group, which is controlled by Sir Run Run Shaw and which holds a stake of about 34 per cent of the media group. The shareholding structure raises the prospect of a battle between two of Hong Kong's best-known media figures.

Henderson Land plans China property spin-off

By John Ridding in Hong Kong

Henderson Land Development, one of Hong Kong's largest property groups, yesterday announced long-awaited plans to spin off its China property division in a move which reflects improved sentiment concerning the mainland property market.

The spin-off, which involves a HK$1.5bn (US$194m) share issue and the conversion of US$640m of existing bonds, comes amid a series of fund raising moves by Hong Kong developers seeking to finance projects at home and on the mainland.

Mr Peter Lee, managing director of Henderson China, said the spin-off would create a "direct, high-quality China property play". Henderson China has 22 property projects in China, which the company says are valued at about HK$13.7bn. These include the flagship Beijing Henderson Centre and 10 projects in Shanghai. According to Mr Lee, the group is focusing on city centre areas or on sites near transport hubs such as railway stations.

Industry analysts remain cautious about the outlook for property in China. "The market has bottomed out, but there are still a lot of problems", said Mr Benjamin Cheng, property analyst at Goldman Sachs. He said the timing of Henderson's move partly reflected a time constraint, since the convertible shares had been due for redemption in October.

The share issue follows two recent large fund raising projects at Henderson Land. In December, the company, which is controlled by the billionaire Mr Lee Shau-kee, raised HK$2.16bn through an equity issue. In the same month it issued Y30bn ($280m) in samurai bonds.

Under the terms of the spin-off, which the company has been considering since 1993, the majority of shares will be placed with institutional investors. Trading in shares is due to start by the end of March. After the operation, Henderson Land will hold 80 per cent of the China division, although this will be reduced to an estimated 50-55 per cent by the conversion of bonds.

Industry observers said property groups still faced substantial difficulties in raising bank finance for developments on the mainland. "Project financing remains difficult, and these developments are hugely capital intensive", said one property analyst. "With the upswing in the stock market equity has become a possible solution."

Last October, New World Development, another big Hong Kong developer, launched a successful HK$2.38bn offering of shares in its China division. Henderson said healthy demand for that issue had encouraged its own move.

The spin-off and the conversion of bonds is expected to eliminate debt at Henderson China.

The surplus cash generated by the operations will be used to complete projects and to acquire sites for development.

Aiwa defends its niche in mini-audio price war

Late last year, Aiwa, the fast-moving Japanese company that is the world's largest maker of mini audio systems, ordered a temporary production cut at its Malaysian plant.

It was the first such cut since Aiwa started opening capacity in Asia 10 years ago in the search for lower costs and access to Asia's emerging markets – a strategy since followed by hundreds of Japanese manufacturers.

Workers in Malaysia, who produce 40 per cent of Aiwa's 3.6m mini systems per year, were told last October to come in for four days a week, rather than five. They were put back on to a six-day week from this month, once Aiwa's inventories had fallen back to acceptable levels, but the interruption was revealing.

The move came in response to a recent four-cornered price war in mini audio systems – a segment which in the 16 years since Aiwa pioneered it has grown to occupy 65 per cent of the world audio market.

Aiwa has been the most aggressive price cutter in the battle. With 86 per cent of production based outside Japan – making it one of the least Japanese of Japanese companies – it has been able to slash prices by up to 15 per cent last year.

The other protagonists are the leading Japanese, South Korean and Chinese consumer electronics producers, all of which have muscled into the mini systems market to compensate for the slowdown in demand in a mature consumer electronics market.

"Until a few years ago, other electronics companies neglected the mini business. But now the larger and more diversified manufacturers are forcing us into a corner," says Mr Hajime Unoki, Aiwa chief executive.

Sales growth in the year to next March has slowed dramatically, according to forecasts by industry analysts in Tokyo, to 7.5 per cent from last year's 35 per cent growth. Last year Aiwa made a Y10bn ($93m) recurring profit – before tax and extraordinary items – on turnover of Y241.9bn. Operating profit margins started to fall last year, for the first time in three years, from 6.5 per cent of sales to 6.1 per cent.

Mr Unoki expects "revenues will be stable or a bit better" next year, on the assumption that prices will continue their current 10 to 15 per cent rate of decline on an increase in volumes of the same order.

He is at the same time resigned to seeing his market share slip from the current 25-30 per cent in Japan and 40 per cent in the US, to a world average of about 25 per cent. "If we can maintain a market share at that level in any important market, that would be good," says Mr Unoki.

All this is a salutary change from three years ago, when Aiwa was justly able to boast that it could avoid price wars because of its pursuit of what was then a niche market of no interest to the large, diversified consumer electronics companies. It recorded strong sales throughout Japan's worst recession since the 1930s.

But now Aiwa and its Japanese and Asian competitors are faced with the problem of achieving growth in a mature, and suddenly very price sensitive, industry.

Aiwa, for one, will slug it out. It has, after all, pinned its survival on its current strategy: the group nearly collapsed 10 years ago, burdened by the costs of making too many products for its size. Aiwa's 50.6 per cent owner, Sony, sent in Mr Unoki, then the parent's director of overseas sales, to turn the company round.

Mr Unoki asked for voluntary redundancies, shifted production overseas and focused on Aiwa's strongest single product, mini systems.

The strategy remains valid, insists Mr Unoki. Aiwa plans to defend its position as market leader in the hope that one of the diversified producers will decide that mini audio systems are of only marginal interest and leave the market. Toshiba, the Japanese electronics group, set a precedent for this four years ago, when it discreetly pulled out of audio equipment manufacture on the grounds that it saw more profitable uses for its capital.

Mr Unoki can take cold comfort from the fact that some of his competitors are finding the going even harder.

Samsung Electronics, the South Korean group which is Aiwa's biggest competitor in mini systems outside Japan, admits that it makes little profit from this product line – which is not surprising, since its prices undercut Aiwa on average by 10 per cent.

"Aiwa is our biggest competitor and we want to catch up with them," says Mr Park Hong Kyu, manager of the Korean group's audio-visual planning team. Accordingly, Samsung is planning to lift its output by two-thirds at a new plant in China to 1m units per year in 1996, just under 10 per cent of anticipated world demand.

LG Electronics, also South Korean, has a much smaller share of the mini systems market – between 0.5 per cent and 1 per cent depending on the region – but Mr Lee Donghyoon, assistant manager of the group's audio export department, admits that he too is losing money from mini systems.

However, LG Electronics will also increase the stakes. "We believe that the best way we can make money on the mini-systems is to upgrade product quality and introduce new features such as satellite tuning and video CD players," says Mr Lee.

Another Korean group, Daewoo Electronics, which has a similar market share to LG Electronics, claims it is making a small profit on mini systems from its plants in Korea and China. But margins are slim enough for Daewoo to rethink its procurement.

It is considering, for example, reverting to its former practice of buying systems from Aiwa for resale under its own label, the company said.

One advantage that Korean producers have is that they can use large profits from other divisions – such as semiconductors in the case of Samsung – to subsidise losses in the consumer products sector.

So Mr Unoki says he will continue to improve on Aiwa's existing strengths; product quality and cost control, together with a small amount of diversification.

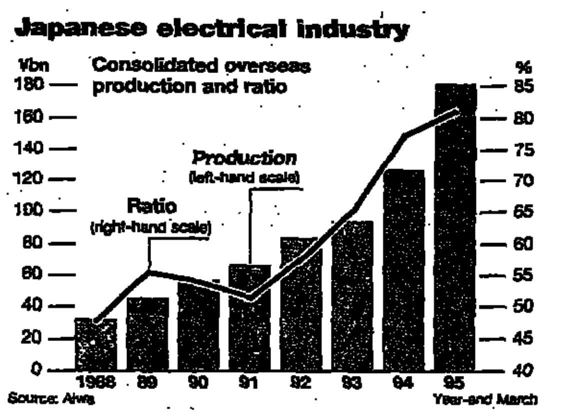
The two existing Japanese plants, at Iwate in Hokkaido and Utsunomiya north of Tokyo, are needed to produce products for test on the Japanese market and to manufacture from new components that have not yet become available abroad, says Mr Unoki.

Their main current products are loss-making multimedia personal computers and modems, a profitable product line which Mr Unoki may transfer to Malaysia, to take advantage of the new availability of components there.

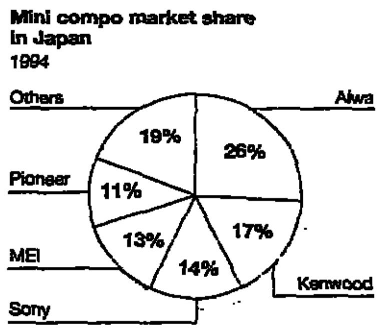
But for the foreseeable future, mini systems will remain Aiwa's main business – and the price war rages.

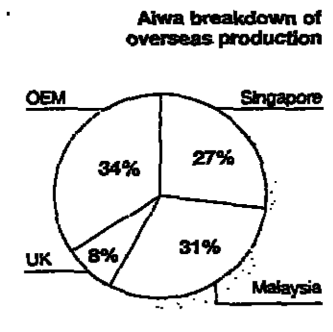
William Dawkins and John Burton

Japanese electrical industry



Source: Aiwa





Courage sale cuts Foster's midway

By Nikki Tait in Sydney

The sale of its Courage brewing business in the UK caused Foster's Brewing Group, the Melbourne-based brewer, to post a reduced profit of A$165.5m (US$125.11m) after tax in the half-year to end-December.

In the same period of 1994-95, Foster's made A$203.5m. Sales were down from A$2.4bn a year ago, to A$1.26bn – again a reflection of the sale, which was completed on June 30. Earnings per share slipped from 10.38 cents to 8.44 cents.

The company, however, said there was an underlying improvement after adjusting for the elimination of the Courage business. "The result reflects our determination to raise earnings from our continuing operations, with reduced risk following the sale of Courage," said Mr Ted Kunkel, chief executive.

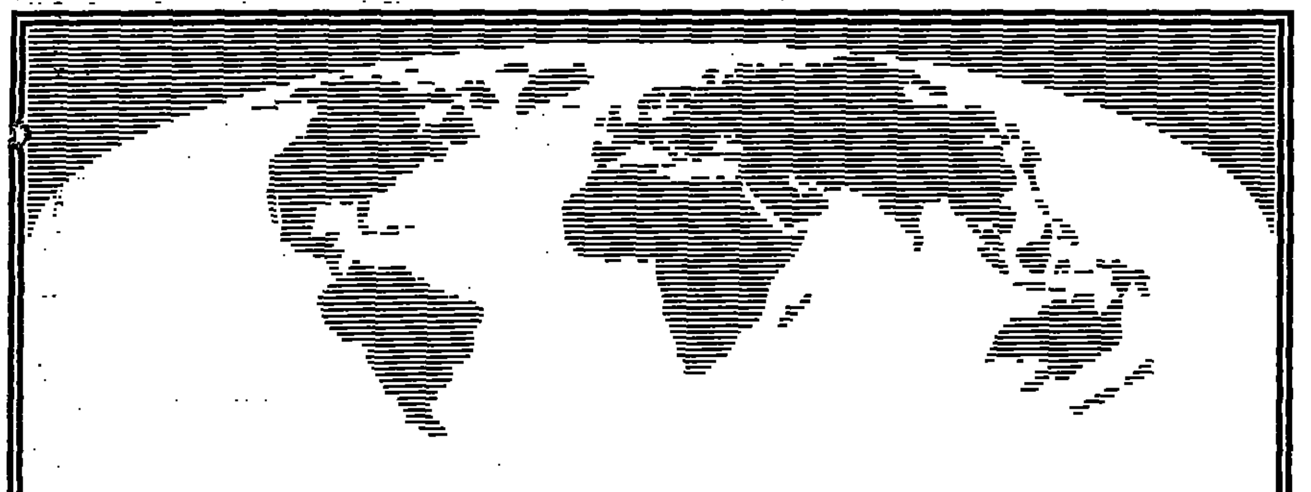
The Carlton & United Breweries operations in Australia pushed up operating profits from A$152.5m a year ago, to A$168m, with market share holding steady at 53 per cent, despite a 1 per cent drop in industry volumes.

Looking ahead, Mr Kunkel said the relatively cool summer in Australia had not helped beer sales, but increased efficiencies and its strategy of expanding into the leisure and hospitality industry through its hotel interests "will continue to underpin profit growth".

The company also said its A$425m bid for Mildara Blass, the Australian winemaker, had gone unconditional – its first purchase since shedding Courage. Most analysts expect Foster's to make further acquisitions as it attempts to plug the Courage gap, but Mr Kunkel gave no further hints on acquisition strategy yesterday.

But he did play down suggestions that Asahi, the Japanese group which owns 17 per cent of Foster's, was considering selling its shares.

Foster's shares closed three cents lower, at A$2.20.



Strategic advice for clients in 1995
Corporate restructuring...

Volkswagen AG — *dissolution of the Autolatina S.A. joint venture with Ford Motor Company* — MORGAN STANLEY & CO. — December 1995 — Brazil/Argentina, Automobiles

Argentaria SA — *buyout of the minority shareholders of Banco Exterior de España SA* — MORGAN STANLEY & CO. — December 1995 — Spain, Financial Institutions

AT&T Corp. — *restructuring into three separate entities* — MORGAN STANLEY & CO. — pending — United States, Telecommunications

CRA Limited — *The RTZ Corporation plc* — *Independent Experts' Report on dual listed companies* — MORGAN STANLEY AUSTRALIA LTD — December 1995 — United Kingdom/Australia, Mining

Trygg-Hansa Group — *partial demutualisation of Trygg-Hansa Life and merger into Trygg-Hansa AB* — MORGAN STANLEY & CO. — February 1996 — Sweden, Financial Institutions

AB Fortos — *sale of BCP food to and joint venture of its beverage operations with Orkla A.S.* — MORGAN STANLEY & CO. — September 1995 — Sweden, Food & Beverage

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Best M&A Adviser 1995 — Source: Euromoney

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Global Equity House of the Year 1995 — Source: International Financing Review

No.1 M&A Adviser in global transactions 1995 — Source: IFR Securities Data

Best International Equity Issue 1995 — Source: International Equity Review

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Appointment by French court marks the end of a long road of persuasion for company and bankers

Eurotunnel mediators to help resolve crisis

By Geoff Dyer and William Lewis

The appointment yesterday by a French court of a mediator to help resolve Eurotunnel's financial crisis marks the end of a long road of persuasion for company executives and bankers.

"When I first heard about it," said one company executive. "I thought that the idea was barking mad. It sounded like the first stage towards receivership."

These worries were shared by non-French bankers unfamiliar with a process unique to French commercial law. The involvement of a French court seemed to raise the prospect of insolvency procedures and possible legal action by irate French shareholders.

Tensions increased when it was revealed that the group's auditors had initiated the process by writing to the commercial court, warning that Eurotunnel was in danger of becoming technically insolvent. It followed the company's announcement in September that it had suspended interest payments on £8bn of debts.

However, both Eurotunnel directors, and even some of its 225 banks, now claim to be relaxed about the appointment.

Eurotunnel described it yesterday in a statement to shareholders, as a "good offices mission". The mediators were there to assist the company resolve its problems, it said.

Eurotunnel's two co-chairmen, Sir Alastair Morton and Mr Patrick Ponsolle, have held a number of meetings with the president of the French commercial court in recent months, helping to convince both of them that the appointment provided a positive way forward.


Tony Andrews

Lord Wakeham: his job as one of the mediators will be to force more realism into negotiations

Many of Eurotunnel's key lenders also appear to have recovered from their initial distress about the idea.

Legal advice given to the steering group of six banks which are representing all 225 banks in negotiations with Eurotunnel stressed that the appointment did not threaten their rights. Lawyers told the banks that it was an "informal procedure" used to help companies sort out difficulties with creditors. The appointment did "not require immediate action" on the part of the banks.

There are, however, enough dissenters amongst the lenders to cause concern at Eurotunnel.

"We have been looking at this very carefully and it is extremely angst-making," one banker said.

Although the process is technically the first stage of pre-insolvency proceedings under French law, both sides are agreed that there is little danger, at this stage, of the company being declared bankrupt.

Eurotunnel hopes that the appointment of a mediator will accelerate its flagging negotiations with the banks.

Although the precise role of the mediators is still unclear, it seems that the job of Lord Wakeham and Mr Robert Badinter will be to force people to take more realistic positions in the negotiations.

An informal role with no formal powers

By Robert Rice, Legal Correspondent

The job of the two mandataires ad hoc appointed by the Paris commercial court yesterday at Eurotunnel's request is to facilitate negotiations between the company and its creditors, over the restructuring of its £8bn debt.

Their role is informal and although the mediation process takes place under the eye of the president of the commercial court, who must be kept informed, the mediators are not bound by any rules of procedure. Equally however they have no formal powers.

They cannot force creditors to take part in discussions and they cannot impose any settlement on the parties against their wishes. And although any agreement reached between the parties is normally filed with the commercial court, the parties to it are only contractually bound by its terms.

The mandataire procedure which was first used by the French commercial court in 1982 has developed alongside the debtor-creditor conciliation procedure or "reglement amiable" set out in the French 1984 bankruptcy law.

The two procedures are very close, but the greater flexibility given to the mandataire has made it more popular with French companies.

A conciliator under a reglement amiable can only be appointed for three months and this is regarded by many as too short a period in which to negotiate an agreement. By contrast the mandataire's appointment is open-ended.

Because the mandataire procedure is confidential there are no official figures as to the success or failure rate.

FDA verdicts mark policy shift

By Jenny Luesby in London and Richard Waters in New York

Amersham International, the health sciences group, yesterday won approval from the US Food and Drug Administration for Myoview, its heart imaging drug.

The company's shares rose 15p to close at 850p following the decision by the FDA, which also cleared over-the-counter sales for both Nicorette, a nicotine-spiked chewing gum made by SmithKline Beecham, and Rogaine, the best-known brand in the treatment of hair loss.

The products are the latest in a growing line of treatments to make the switch from prescription-only to consumer product status, signalling a drive by pharmaceutical companies to offset the loss of patents.

SmithKline Beecham said Nicorette was the US's first regulated over-the-counter smoking cessation product.Some other products – certain nicotine patches, for instance – fall outside the FDA's purview and have never needed prescriptions.

Although freely available in 34 other countries, Americans have had to visit a doctor and get a prescription to buy Nicorette in the 11 years since the product was first introduced.

Amersham, meanwhile, expects annual sales of Myoview to exceed £45m by 1999, when it could account for more than 10 per cent of the company's turnover. The drug has been Amersham's fastest area of growth, with its launch in Japan contributing significantly to improved results.

Amersham has been helped by a technological edge in a market where an older generation of drugs still account for almost half of sales. However, it does have a significant rival in Cardiolite, the imaging agent produced by a DuPont-Merck joint venture.

The company yesterday said the worldwide market for heart imaging was worth about £250m annually, of which £140m is accounted for by the US.

Rogaine, manufactured by Upjohn (now part of Pharmacia & Upjohn), won approval from the FDA after being rejected 18 months ago. Regulators had withheld their approval out of concern that the drug is not sufficiently effective.

The flurry of approvals for new over-the-counter drugs highlights the greater political pressure on the FDA in a Republican-dominated Washington where the agency has become a focus for complaints about what is perceived as unnecessary regulation.

EUROTUNNEL SHAREHOLDERS

12 February 1996

Dear Eurotunnel Shareholder,

Last September, we promised we would report to you about the end of January on our progress towards a durable sharing of the "pain" of Eurotunnel's situation between shareholders, banks and other relevant parties.

Eurotunnel has made a lot of progress in 1995, its start-up year. After initial difficulties experienced with the reliability of equipment delivered to Eurotunnel by the contractors, the quality, frequency and punctuality of Le Shuttle services improved steadily throughout the year, as customer surveys confirmed.

Our revenues rose from little over £40 million in the first quarter of 1995 to just over £110 million in the fourth quarter. We are confident that 1996 revenues will be at least 50% above revenues we are reporting for 1995 (almost £300 million). Since summer 1995, our cashflow has covered not only all cash operating costs, but also our disciplined further capital investment in our system and the payment of interest on the 5% of our debts (£415 million) that has senior status and is not in standstill. During the current junior interest standstill, we are therefore cash flow positive, with no need for further borrowing.

We plan to build on our initial achievements. The Joint Board last Friday approved a programme designed to optimise all aspects of the company's business. The benefit of lessons learned from customers and experience of the first 18 months of operation are expected to show this year.

Four external sources are working to postpone our return to normality - defined as being able to service our debt when due and to plan the distribution of dividends. They are - the battle between the ferry operators on the Dover Straits; the faltering start of rail services through the Tunnel by the national railways; the high margins on our bank debt;and the continuing inability or tardiness of the UK and French Governments to deliver without reserve their promises not to permit Eurotunnel to be disadvantaged nor burdened with undue cost by their fiscal or regulatory policies and practices. The two Governments above all have to recognise that their promises in the Concession, implicit and explicit, were promises to banks and investors worldwide upon which billions were advanced and invested. At the end of the Concession the two States will receive without cost the benefit of the billions invested. In addition, we are pressing our claim against the project contractors, TML, seeking compensation for the inadequacies of the equipment they delivered to us.

Discussions to date between Eurotunnel and the representatives of the 225 syndicate banks have made some progress in defining the issues and common objectives. We have yet to agree any equitable sharing of cash flow or pain. Any accord will have to receive the unanimous approval of the syndicate and be approved by an appropriate majority of our shareholders. This will take time. Meanwhile, in defence of your interests, your Board;

• has opposed any proposal in which the payment of interest and repayment of principal might well absorb the company's whole cash flow to the end of the Concession;

• believes that it is necessary to above all to reduce both the debt outstanding and the interest accruing thereon, while fixing its rate over a long term, allowing a return to a stable financial situation within a "reasonable horizon";

• is determined that shareholders retain the largest possible stake of the eventual value of the equity, recognising that a part thereof may have to be conceded to lenders in return for later and lower remuneration and repayment of their loans.

To enhance the chances of reaching agreement, we have decided, with the unanimous agreement of the Joint Board, to take the initiative in invoking the positive assistance available to us from the French legal system. Wholly unlike the British system the French system seeks to encourage friendly resolution. We have requested the Président of the Tribunal de Commerce in Paris to nominate two "mandataires ad hoc". Their role, best described as "good offices", is to assist the company in seeking a resolution of its difficulties. However, the Board and the management continue to be fully responsible for the conduct of the company's "Business as Usual". In response, after careful consultation with us, the Président of the Tribunal de Commerce has nominated:

• Lord Wakeham, Chairman of the Press Complaints Commission and former Cabinet Minister, and

• Mr Robert Badinter, former President of the Constitutional Council of France and former Minister of Justice. They have accepted the mandate to the satisfaction of both the British and French directors of Eurotunnel. Their role is informal, but under the authority of the Court.

Our duty is to our shareholders. We believe it is possible to preserve for our shareholders a very substantial interest in the eventual equity value of the Channel Tunnel Concession, subject to our making safe progress through the next six to ten years and subject particularly to the two Governments recognising the obligations still upon them. After a slow and painful start your company is on its way towards realising its potential. We shall report further in our Annual Report, due to be issued to you in early May and at the Annual General meetings of shareholders in June.

Sir Alastair Morton
Co-Chairman

Patrick Ponsolle
Co-Chairman

Alcan reforms UK operations

By Kenneth Gooding, Mining Correspondent

British Aluminium, a new company that emerged fully fledged yesterday with annual sales of about £500m ($770m) profits of £25m and 4,200 employees, is to be floated as soon as possible, according to Mr Ian McKinnon, the chief executive.

The company was formed from the downstream operations of Alcan of Canada's UK subsidiary – the sale of which was completed yesterday for about £200m.

Mr McKinnon, made a fortune when he and five colleagues bought and sold Leyland Bus in the 1980s. Now he is chief executive of British Aluminium and part of a team that will pay for and share about 15 per cent of the equity.

The remaining 85 per cent will be shared equally between institutional investment funds managed by Mercury Development Capital, CVC Capital Partners and Morgan Grenfell Development Capital. They have raised £265m for the deal, which leaves Mr McKinnon's team scope for investment.

He said he hoped British Aluminium would be floated in three to five years. The new management would bring a more entrepreneurial and fast-moving style to the operations.

The sale is part of a sweeping restructuring which Alcan began late in 1993 with the aim of creating a "simpler, more focused company with strong market positions." Mr Jacques Bougie, president, said recently the global restructuring would be completed by the middle of this year.

Norwich Union stays silent on Farnell vote

By William Lewis

Norwich Union, which owns about 3¼ per cent of Farnell Electronics, said yesterday that it had decided not to disclose whether it had voted for or against the company's proposed £1.8bn takeover of Premier Industrial Corporation.

"There is no mileage for us in making it public," Norwich Union said. The investment institution said it had told Farnell, how it planned to vote at Thursday's extraordinary general meeting, but "in a democracy you have a right not to declare how you vote".

Norwich Union's refusal to state how it will be voting follows the disclosure by two other institutional shareholders that they will be voting against the proposed deal.

Prudential Corporation, which holds nearly 6 per cent of Farnell, would not comment on whether it had decided how to vote.

How Norwich Union and Prudential vote could prove crucial to whether Farnell's proposed takeover of Premier goes through.

At the end of last week, institutions speaking for 7.5 per cent of Farnell's shares had indicated that they will be voting against the deal.

There is no obligation for any shareholder to reveal how they have voted at company meetings.

Farnell, in a statement released yesterday, said that "three out of the company's largest four shareholders, who together hold about 24 per cent of Farnell's share capital, have already indicated their support for the transaction".

Fyffes makes Italian fresh produce buy

By David Blackwell

Fyffes, the Dublin-based fruit and vegetable distributor, yesterday continued its expansion into Europe by buying half of an Italian fresh produce group.

The final price for a 50 per cent stake in Peviani, based in Milan, is understood to be about I£10.5m. Peviani, which has net assets of I£5.3m, made pre-tax profits of I£3m in 1994 on sales of I£80m.

The deal is Fyffes ninth acquisition since July 1994. Last month Fyffes jointly acquired the banana operations of its rival Geest. Other acquisitions have taken the group into Holland, Germany, France, and Spain.

Mr Neil McCann, Fyffes chairman, said the acquisition "represents the continued expansion of our European business".

The initial consideration of I£6.4m will be paid 50 per cent through the issue of more than 3m new shares, and 50 per cent cash. A deferred amount will be based on Peviani's average profits for 1995, 1996 and 1997.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Armour Trust	6 mths to Oct 31	19.9	(17.9)	1.33	(0.758)	2.5	(1.5)	0.46	May 10	0.418	-	1.978
Bryant Group	6 mths to Nov 30	231.7	(244.5)	10.1	(21.4)	2.4	(5.2)	1.45	April 24	1.45	-	5.05

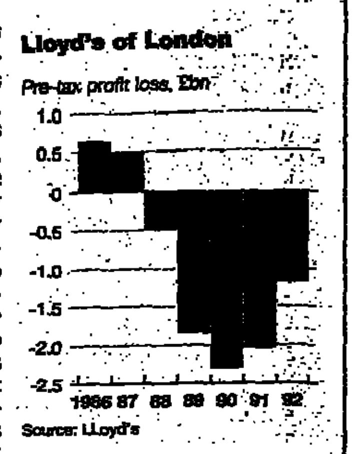
Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Gartmore Micro	Yr to Dec 31	102.9	(97.2)	0.611	(-)	1.72	(-)	1	Mar 29	-	1.5	-
Olim Convertible	Yr to Dec 31	83.38	(82.45)	1.28	(1.36)	8.52	(9.06)	4.5	-	4.7	9	9
Second Alliance	6 mths to Jan 31	21.48	(18.71)	6.75	(6.17)	25.2	(23.09)	15	April 4	14	-	46

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period.

LEX COMMENT

Lloyd's

Slowly and painfully, Lloyd's is crawling towards a resolution of its problems. Lloyd's needs to find £14bn of assets, to match the past liabilities to be taken on by Equitas, the vehicle central to the insurance market's recovery plan. This is one reason why it needs Names to co-operate: Lloyd's wants them to contribute £3.9bn of Equitas's assets. In fact, since only £600m is expected to come from fresh payments from Names, this should not be too difficult: even a serious shortfall on the £600m is unlikely to make or break the creation of a £14bn company.



What Names really have to offer, in return for a limit to their liabilities and an exit from the market, is not fresh money but an end to their legal claims. The more litigation is outstanding, the more difficult it will be for the market's past liabilities to be ring-fenced. And without a credible ring-fence, Lloyds' future would be bleak. For this reason, Lloyd's decision to target 75 per cent of its £2.8bn settlement offer to litigating Names is sensible.

Nonetheless, the plan announced yesterday will do little to end the poker game between Lloyd's and its Names. When the crunch finally comes, most Names will recognise that they would harm their own interests by letting the Equitas plan fail. But they will not sign up until they are convinced that the crunch has come. So far, Lloyds has not played its hand cleverly. By encouraging Names to believe it could offer more than £2.8bn, it has given itself little choice but to do so.

DIGEST

Butte Mining case for UK

Shares in Butte Mining lost 30 per cent of their market value yesterday, falling by ¾p to 1¾p, after a US appeal court ruled that the company could not pursue its action against former managers and promoters in US courts.

The litigation has been Butte's main activity for eight years and it was suing for up to $1bn.

The court did not comment on the merits of Butte's case but said it did not have jurisdiction because "the alleged fraud and losses occurred when securities transactions were consummated in the UK".

Mr David Lloyd-Jacob, Butte's chairman, said his company would now be forced to litigate fully in the UK where, unlike the US, it might have costs awarded against it if it lost. He recalled that Butte already had filed, by way of counterclaim, an action against certain subsidiaries of Simon Engineering, seeking damages of £100m plus interest.

Simon responded by emphasising it was not a party to any UK proceedings, although it is attempting to recover £200,000 costs from Butte. The Butte action was against the Robertson Group and two of its subsidiaries which it acquired after the events cited in Butte's counterclaim. Simon pointed out that in his 1995 annual report, Mr Lloyd-Jacob had conceded "it is unlikely that Robertson has sufficient resources to meet the full amount".

Mr Lloyd-Jacob also recalled that Butte had filed another counterclaim for £100m, in an action from which Ernst & Young, the accountancy firm, was attempting to withdraw.

"Butte is reviewing the situation concerning the other defendants in the action originally filed in Montana," he added.

Kenneth Gooding

GKN expands in Asia

GKN, the engineering group, is expanding its presence in the fast-growing Asian car market through a joint venture with Hanwha of Korea.

GKN Automotive, one of its car components subsidiaries, will invest more than £10m in a 49 per cent stake in a new company which will make constant velocity joints and driveshafts – GKN specialities – for the fast-expanding Korean motor industry.

Initial supplies from the plant, which will have a planned capacity of 500,000 car-sets a year, will go to the new Samsung factory near Pusan. However, GKN hopes to extend its sales to other Korean manufacturers.

The Korean motor industry has been growing exponentially on the back of buoyant export sales and strong government encouragement. Total car production grew by almost 12 per cent to 2.53m units last year.

The Korean deal, which follows other transactions in China, Malaysia and India, is GKN's 13th automotive joint venture, and its fourth in the booming Asian market, where the company says it wants to expand further.

GKN shares rose 12p to 827p.

Haig Simonian

Whitecroft in £7m investment

Whitecroft, the Cheshire-based industrial conglomerate, is to invest £7m at its Edward Hall subsidiary.

The move is designed to keep Edward Hall's place as the leading supplier of medical cotton fibre for what is technically known as the non-woven and feminine hygiene market, the principal products of which are tampons.

The tampon market has been growing steadily since the end of the cold war opened former Soviet bloc countries to western toiletries and personal hygiene products.

Edward Hall is the European market leader, exporting 75 per cent of its output to more than 40 countries. It claims to supply more than half Europe's annual medical cotton fibre market of about 27,000 tonnes.

Part of the new investment is in bleaching and ancillary equipment that will use hydrogen peroxide – the most environmentally friendly technology available. This will complement company's unique continuous bleaching plant which it installed seven years ago.

Whitecroft also plans to open a technical and development centre to improve testing and look for new markets for surgical, cosmetic and healthcare applications for cotton.

Mr Mike Derbyshire, Whitecroft's chief executive, said yesterday: "One of the key issues in this sector is how to work jointly with some of the world's largest healthcare companies to develop new products which are cotton-based.

"We also have to try and continuously raise quality at existing prices. Most of our competitors are small and privately-owned and will not have the resources to match this investment."

The new equipment will be operational from the middle of next year, the company said.

Ian Hamilton Fazey

COMMODITIES AND AGRICULTURE

Agua Rica copper-gold deposit promises to be Argentina's biggest

By David Pilling in Buenos Aires

Argentina's Agua Rica copper-gold deposit is shaping up to be even bigger than that of nearby Bajo de la Alumbrera, which last year was declared the country's largest-ever mining project.

Agua Rica, 70 per cent owned by BHP Minerals of Australia, has an "indicated geological resource" of 1.2bn tonnes, according to Canada's Northern Orion, which owns the other 30 per cent.

The deposit, in Catamarca province in north-western Argentina, contains 13.5bn pounds of copper, 9.5m ounces of gold and 846m pounds of molybdenum, the company said last week. Northern Orion is 54.8 per cent owned by Vancouver-based gold producer Miramar Mining Corporation.

"We understand from the rumours that it's a very, very important project," Mr Jorge Fillol Casas, president of the Argentine chamber of mining companies, said yesterday. BHP, a member of the chamber, was keeping its drilling results very close to its chest, indicating only that the deposit was "very interesting", Mr Fillol Casas said. BHP would not comment yesterday.

If the deposit is big as Orion indicates, it would be nearly twice the size of Bajo de la Alumbrera, which has 650m tonnes of mineral resources and will cost an estimated $800m to develop.

Alumbrera, which is only 35km from Agua Rica, is expected to produce 180,000 tonnes of copper and 640,000 troy ounces of gold annually for 19 years, starting in early 1998.

"This would make 1996 a similar year to last year, when we had the good news about Bajo de la Alumbrera," said Mr Fillol Casas. "That is extraordinary. . . It will mean a total of $3bn in mining investments in Argentina within the next five years."

Argentina, which has very little mining tradition, has recently changed its mining code to make it more attractive to foreign investors. Among other big deposits recently discovered is the Fatamina gold-copper project in La Rioja province, neighbouring Catamarca.

CRA of Australia, which has an option to buy Fatamina, is drilling the site, located 4,000 metres above sea level. Project officials believe Fatamina may also rival Alumbrera in size.

Polish stretch of Russia-Germany gas line to be operative in autumn

By Christopher Bobinski in Warsaw

The first 107km Polish stretch of the Yamal gas pipeline will be ready this autumn enabling an annual 600m cubic metres of additional Russian gas deliveries to the German market, Mr Kazimierz Adamczyk, the head of EuRoPol GAZ SA, a joint venture between PGNiG, the Polish gas supplier and Gazprom, its Russian equivalent said yesterday.

Financing for the entire 665km Polish stretch of the 4,000km pipeline, which will eventually carry 65.7bn cu m of gas from the Yamal peninsula in northern Russia still has to be arranged. However, completion of the first stretch from Poland's German border to a link at Lwowek in western Poland with the country's own gas network will enable additional deliveries of Russian gas to Germany by the end of the year.

Mr Rem Iwanowicz Wiachirew, the head of Gazprom, added yesterday that the additional deliveries had already been contracted but failed to give details. Currently most of the Russian natural gas delivered to Germany and western Europe goes through pipelines in the Ukraine and the Czech and Slovak Republics.

Meanwhile EuRoPol GAZ SA, which will build and operate the Polish stretch of the pipeline is about to begin a second round of talks with potential advisers who will arrange the US$2.4bn worth of financing needed for the project. Mr Adamczyk said that the talks would start this week with 11 groups which include one local bank and three groups where local banks have teamed up with foreign investment banks. The tender closed last December 11.

MARKET REPORT

Aluminium prices rise again

ALUMINIUM again took centre stage in London Metal Exchange trading yesterday as speculative buying was encouraged by constructive chart patterns. The three months price closed at $1,658.50 a tonne, up $19.

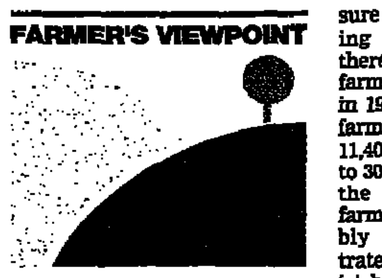
In the GOLD market New York traders lead the selling as the price slipped another $2.60 in London to $402.90 a troy ounce.

Compiled from Reuters

Subsidy cuts threaten agricultural unity

Reliance on real markets will mean every farmer becoming his neighbour's competitor

FARMER'S VIEWPOINT



By David Richardson

Mr Douglas Hogg, the UK minister of agriculture, delivered some tough messages at last week's annual meeting of the National Farmers' Union. He prefaced his remarks by pointing out that UK farm incomes had increased during the past four years by more than those for most other sectors of the economy and went on to to say that British farmers must now become competitive in world terms and had better get used to the idea of running their businesses "without permanent production subsidies".

Figures published by the ministry of agriculture a few days ago show that average farm incomes during 1995 are estimated to have risen by 29 per cent in real terms. The reasons for such an increase were threefold; favourable weather, high world prices for some basic commodities and so-called "agrimonetary developments" as further devaluation of sterling increased the value of payments from the European Union for such things as compensation for setting land aside. Chief beneficiaries of the increase were arable farmers, who did very well indeed last year.

In contrast, some intensive livestock farmers had another bad year, their problems being compounded by the high prices for cereals being received by their arable farming neighbours – cereals which they had to buy to feed to their livestock.

The ministry figures spelt out clearly the contrast in their fortunes. Using an index of 100 for the average net farm income over all farming sectors during the three years from 1989 to 1992, that for cereal growers had, by 1995, increased to 245 in real terms. The comparable figure for pigs and poultry was 60 in 1995 having been 44 in 1994 and 22 in 1993. Neither pigs nor poultry receive significant aid from either the UK government or the EU. They already exist "without permanent production subsidies".

Clearly these inter-dependent sectors of farming are badly out of balance; and the accelerating decline in the number of farms where pigs and poultry are kept is a measure of that imbalance. According to ministry calculations there were in the UK 13,000 pig farms and 39,900 poultry farms in 1989. By 1994 the number of farms with pigs had declined to 11,400 and those with poultry to 30,000. In both cases, most of the casualties were smaller farmers as production inevitably became further concentrated on fewer, bigger, specialist holdings.

Two years of serious losses on pigs eventually led to a reduction in production across Europe. This caused a shortage of pig meat and for the past few months prices have risen and reasonable profits have returned, in spite of continuing high feed costs. Poultry producers have seen no such improvement in their fortunes, however, and many are still suffering losses.

Such cyclical pressures have, in the absence of stabilising subsidies, characterised pig and poultry production for years. Indeed, they have been instrumental in forcing farmers to seek ways to optimise efficiency (or in Mr Hogg's words, "to become competitive in world terms") and to adopt systems that do not always meet with universal approval. Moreover, within the next three years, UK pig farmers, alone in the EU, will be barred from using restrictive stalls or tethers to control their pregnant sows and forced to use more animal-friendly and probably more expensive methods.

All of which leaves such farmers in a Catch 22 situation.

Some try to improve their average returns by expanding their production when they think profits will be satisfactory and reducing numbers when they fall. The time it takes to breed more, or less, pigs means they are usually out of step with the returns they hope to achieve and get it wrong. Hence the cyclical nature of the business and the current forecasts that while the rest of 1996 should be profitable for pig farmers, 1997 may see an even more disastrous downturn. Poultry has its own cycle, which tends to change even faster.

None of this is new, of course. But the cyclical nature of these sectors has intensified as farmers have tended to specialise in producing far fewer commodities. When I was a boy most would run a herd of dairy cows, fatten a few beef animals, keep a few hens and pigs, and grow a wide range of crops. Today that has been proved to be uneconomic. Specialisation is seen as the way to better profits and most farmers now concentrate on a strictly limited number of enterprises.

This in turn means that few individual farms are balanced in the old sense of the word and although this may be too simplistic, the industry has become split between grain growers and grain users.

In short, the days of a truly united agricultural industry are over. And as production-based aid for additional commodities is reduced, if not eliminated, over the next few years and more farmers have to rely on real markets for their returns, income stability will decline and price volatility will be the norm not the exception – just as it is now with pigs and poultry.

Every farmer will become his neighbour's competitor. Sharing new ideas to improve productivity and profit, which has been an integral part of the industry for generations, will have to be more carefully considered. Farming will become like every other industry in which the fast and the fit will survive and the devil will take the hindmost.

Non-farmers will probably say "about time too, you have been protected from the harsh realities of business life for too long". That may be so, but it will be very different from the industry in which I grew up and a million miles from the popular image some townsfolk have of how we farmers lead our lives.

'Mad cow' scare helps pig prices to record level

By Alison Maitland in Malton, Yorkshire

The scare over "mad cow disease" in the UK has pushed up prices paid to pig farmers as abattoirs scramble to fill spare capacity.

UK pig prices have reached an all-time high of 137p kilogram, of which 5p or 6p could be attributed to public concern over "mad cow disease", or bovine spongiform encephalopathy (BSE), according to Mr Max Hilliard, managing director of Malton Bacon, the biggest pig processor in the UK and the second largest in Europe.

He said yesterday that Britain's 400 small, multi-purpose abattoirs had reduced their cattle kill as beef sales slumped and had bought pigs for slaughter to cover their fixed costs.

"They've been buying in pigs at higher prices and forcing up the price of the raw material" to the detriment of processors, he said.

Malton Bacon, which slaughters 40,000 pigs a week, has just won the first export licence granted to a UK pigmeat processor by the US Department of Agriculture, after fulfilling stringent requirements on hygiene, staff facilities and training. Initial sales estimated at £5m a year will concentrate on providing spare ribs for the US barbecue market.

Malton exports 13 per cent of its annual £350m sales to Europe, Japan, Korea and the Caribbean.

Mr Hilliard said the pig market would not necessarily suffer another glut of the kind that pushed prices as low as 89p a kilogram 18 months to two years ago.

He said predictions of another trough could be confounded as some pig farmers pulled out of the business once they had paid off their bank loans and before tough new welfare legislation came into effect in the UK in 1998.

Prices should also become less volatile as the processing industry became more export-oriented.

In general, UK pig processors had not been geared towards overseas sales and had been unable to lift prices paid to farmers out of previous troughs by "exporting their way out," he said.

Mr Hilliard believed a drop in current prices to around 125p a kilogram would be more acceptable to processors, while still ensuring producers a decent return.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1631.5-32.5	1658-59
Previous	1614.5-15.5	1639-40
High/low	1620	1667/1647
AM Official	1620-21	1647.5-48.0
Kerb close		1664.5-5.5
Open int.	221,963	
Total daily turnover	74,465	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1390-400	1425-30
Previous	1375-85	1410-15
High/low	1378	1435/1420
AM Official	1375-77	1412-14
Kerb close		1425-30
Open int.	4,969	
Total daily turnover	1,439	

■ LEAD ($ per tonne)

Close	758-59	760-61
Previous	759-60	759-60
High/low	761	764/757
AM Official	761-62	761-62
Kerb close		762-3
Open int.	36,562	
Total daily turnover	8,028	

■ NICKEL ($ per tonne)

Close	8180-90	8285-90
Previous	8250-60	8350-60
High/low		8350/8270
AM Official	8230-50	8340-50
Kerb close		8270-80
Open int.	43,387	
Total daily turnover	8,955	

■ TIN ($ per tonne)

Close	6230-40	6290-95
Previous	6220-30	6265-70
High/low		6310/6280
AM Official	6225-35	6285-90
Kerb close		6310-20
Open int.	15,719	
Total daily turnover	4,131	

■ ZINC, special high grade ($ per tonne)

Close	1031.5-2.5	1053-54
Previous	1034.5-5.5	1055-56
High/low		1056/1052
AM Official	1033-34	1054-55
Kerb close		1053-4
Open int.	79,642	
Total daily turnover	9,840	

■ COPPER, grade A ($ per tonne)

Close	2550-53	2525-26
Previous	2573.5-5.5	2539-40
High/low	2580/2555	2542/2522
AM Official	2553-55	2530-32
Kerb close		2529-30
Open int.	178,510	
Total daily turnover	42,590	

■ LME AM Official £/$ rate: 1.5315
– LME Closing £/$ rate: 1.5309

Spot: 1.5309 3 mths: 1.5276 6 mths: 1.5237 9 mths: 1.5199

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	118.90	-1.10	117.00	116.00	221	2,253
Mar	115.80	-1.40	117.40	115.30	2,756	19,910
Apr	115.00	-1.20	–	–	11	1,118
May	114.20	-1.00	115.00	113.70	328	9,259
Jun	113.30	-0.70	–	–	10	716
Jul	112.30	-0.80	112.90	111.65	42	3,053
Total					3,447	45,421

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	402.70-403.10		
Opening	405.20-405.60		
Morning fix	405.25	264.385	486.948
Afternoon fix	404.50	264.379	486.614
Day's High	406.20-406.60		
Day's Low	402.70-403.10		
Previous close	405.25-405.75		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.09	6 months	3.31
2 months	3.85	12 months	2.80
3 months	3.65		

Silver Fix	p/troy oz.	US cts equiv.
Spot	368.05	563.75
3 months	373.10	570.25
6 months	377.95	576.30
1 year	387.85	588.10

Gold Coins	$ price	£ equiv.
Krugerrand	405-408	265-267
Maple Leaf	416.30-418.90	
New Sovereign	94-97	61-63

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	401.2	-4.4	405.4	400.5	550	622
Apr	403.3	-4.5	408.0	402.1	49,876	128,268
Jun	405.7	-4.5	410.3	404.5	3,348	32,008
Aug	407.5	-4.6	412.0	407.0	108	11,359
Oct	409.4	-4.6	410.0	410.0	307	4,143
Dec	411.3	-4.6	415.5	410.0	3,409	14,230
Total					58,489	232,496

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	419.7	-2.5	423.8	419.5	4,187	16,914
Jul	421.9	-2.8	425.0	422.0	681	3,704
Oct	424.4	-2.8	428.5	426.5	11	1,359
Jan	426.6	-2.8	–	–	52	85
Total					4,879	22,062

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	139.60	-0.25	140.50	139.00	691	4,456
Jun	140.50	-0.35	141.60	139.75	392	3,132
Sep	141.75	-0.35	–	–	5	102
Dec	143.00	-0.35	–	–	10	67
Total					1,098	7,757

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

Feb	565.7	+0.5	–	–	2	1
Mar	567.0	+0.3	575.5	564.5	21,854	60,503
May	572.3	+0.3	581.0	570.0	1,721	19,645
Jul	576.7	+0.3	584.0	573.0	357	9,438
Sep	580.9	+0.1	587.5	581.5	159	10,202
Dec	587.2	-0.1	596.0	584.0	111	8,041
Total					24,204	118,311

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	17.80	+0.02	17.89	17.71	32,783	68,637
Apr	17.37	-0.01	17.46	17.30	13,552	67,613
May	17.16	+0.03	17.19	17.10	6,047	44,306
Jun	17.03	+0.03	17.20	16.96	3,342	36,671
Jul	16.99	+0.06	16.99	16.95	1,069	28,378
Aug	16.91	+0.03	16.90	16.90	184	14,957
Total					63,230	398,493

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	16.81	+0.03	16.85	16.72	12,016	28,207
Apr	16.25	+0.08	16.29	16.14	17,320	75,881
May	15.91	+0.02	15.95	15.84	3,873	23,391
Jun	15.80	+0.03	15.82	15.75	1,535	19,926
Jul	15.73	+0.05	15.76	15.67	5,550	8,257
Aug	15.69	+0.07	15.70	15.67	135	5,390
Total					40,451	191,058

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	53.70	+0.08	54.15	53.40	15,188	28,586
Apr	49.75	-0.11	50.00	49.60	6,396	16,156
May	47.50	+0.04	47.60	47.25	2,307	10,055
Jun	46.55	-0.06	46.70	46.50	1,329	10,200
Jul	46.70	–	46.70	46.50	339	6,142
Aug	47.00	-0.11	47.30	47.05	154	5,193
Total					26,999	398,493

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Feb	180.00	–	179.50	176.75	4,661	10,281
Mar	160.00	+0.25	160.75	158.75	9,811	20,908
Apr	152.50	+0.25	152.75	151.50	4,585	13,351
May	148.50	+0.75	149.00	148.00	1,558	8,253
Jun	146.50	–	147.00	146.25	337	8,388
Jul	146.25	-0.25	147.00	146.25	160	4,799
Total					21,209	69,987

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	2.480	-0.071	2.510	2.435	13,072	30,632
Apr	2.195	-0.049	2.230	2.180	5,411	21,031
May	2.070	-0.010	2.070	2.050	1,531	18,625
Jun	1.975	-0.015	1.980	1.970	1,008	11,987
Jul	1.920	-0.017	1.930	1.920	765	10,031
Aug	1.880	-0.015	1.895	1.890	368	9,668
Total					23,968	153,534

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Mar	52.65	+0.04	53.10	52.65	7,165	22,296
Apr	54.95	-0.05	55.10	54.80	4,272	18,060
May	54.70	+0.10	54.70	54.40	1,416	10,275
Jun	54.15	+0.05	54.20	54.00	618	5,272
Jul	53.40	–	53.40	53.40	487	3,743
Aug	52.55	-0.10	52.60	52.50	16	2,736
Total					13,976	63,187

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	113.90	-5.70	119.75	113.40	30	1,185
May	121.40	-0.20	121.90	121.40	117	3,826
Jul	123.50	-0.10	123.75	123.50	15	429
Sep	111.35	-0.05	111.65	111.50	20	178
Nov	113.05	+0.20	113.10	112.80	29	1,367
Jan	114.60	-0.15	–	–	4	164
Total					211	7,164

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	511.75	-1.50	517.50	511.00	7,697	35,345
May	493.25	+3.25	495.25	490.00	4,182	17,622
Jul	454.75	+2.75	458.50	453.50	5,908	39,926
Sep	454.00	+2.50	457.50	452.50	396	7,829
Dec	463.50	+3.00	466.00	461.50	217	4,761
Mar	461.00	+3.00	461.00	461.00	5	1
Total					18,406	105,702

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	365.00	+2.00	366.00	362.25	32,635	146,589
May	369.50	+2.25	370.00	367.50	21,032	151,406
Jul	365.50	+2.00	368.50	363.75	10,783	98,744
Sep	318.50	+1.75	319.00	317.00	3,315	29,881
Dec	305.00	+1.25	306.25	304.00	7,993	67,446
Mar	310.25	+1.25	311.25	309.50	203	4,827
Total					76,049	499,218

■ BARLEY LCE (£ per tonne)

Mar	110.25	-0.65	110.90	110.90	3	582
May	112.00	-0.40	–	–	–	410
Sep	107.00	–	–	–	–	31
Nov	109.50	–	–	–	20	240
Jan	111.75	–	–	–	–	32
Total					20	1,283

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Mar	717.75	-2.25	723.50	715.00	23,915	53,131
May	727.50	-2.25	733.00	725.00	8,856	42,802
Jul	736.00	-0.50	740.00	733.50	6,344	36,730
Aug	737.25	+0.50	740.00	735.00	875	3,697
Sep	721.25	+0.75	723.50	718.00	192	2,866
Nov	713.00	+1.50	716.00	708.00	5,408	41,317
Total					45,764	199,545

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Mar	24.54	+0.13	24.80	24.45	6,695	34,382
May	24.89	+0.14	25.13	24.83	2,717	20,639
Jul	25.28	+0.15	25.48	25.15	2,058	16,654
Aug	25.42	+0.11	25.65	25.35	482	4,408
Sep	25.58	+0.13	25.78	25.65	35	2,073
Oct	25.74	+0.14	25.92	25.82	97	1,906
Total					12,717	86,728

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Mar	224.3	-1.2	225.8	223.5	10,796	28,706
May	228.2	-1.2	229.6	227.4	5,943	25,065
Jul	230.4	-1.0	231.8	229.8	3,172	19,185
Aug	230.2	-0.7	231.0	229.2	179	3,802
Sep	226.5	-1.2	228.0	226.5	95	2,480
Oct	223.0	-0.8	224.5	222.0	193	1,858
Total					21,571	87,491

■ POTATOES LCE (£/tonne)

Mar	200.0	–	–	–	–	–
Apr	183.3	-0.7	184.0	179.9	57	934
May	209.3	–	–	–	–	12
Jun	325.0	–	–	–	–	–
Nov	105.0	–	–	–	–	–
Total					62	979

■ FREIGHT (BIFFEX) LCE ($10/index point)

Feb	1428	-8	–	–	–	469
Mar	1445	-15	1470	1445	28	630
Apr	1438	-4	1460	1449	40	1,385
Jul	1326	-4	1325	1325	3	1,420
Oct	1350	-6	1350	1350	1	549
Jan	1355	-15	–	–	–	45
Total					72	4,522

	Close	Prev
BFI	1448	1463

FUTURES DATA
All futures data supplied by CMS.

Tea
Demand was more selective this week reports the Tea Broker's Association. Assams met good competition at dearer rates. Selected best liquoring Kenyas and Burundis, particularly pd's, were also strong and often dearer, but other bright East Africans lost 2p-10p/kg. Mediums were also lower by 2p-4p/kg. Offshore: only fair demand at easier rates with some withdrawals. Quotations: best available; 145p-179p/kg, good; 130p-140p/kg, good medium; 115p-125p/kg, medium 95p/103p/kg, low medium 90p-94p/kg, highest price realised was 179p/kg for a burundi pd.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	905	-5	908	904	428	14,822
May	926	-5	930	925	781	19,617
Jul	949	-5	954	949	336	10,871
Sep	969	-4	973	969	242	36,095
Dec	988	-3	991	988	352	13,682
Mar	1009	-5	1013	1006	246	30,373
Total					2,385	133,902

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1259	-12	1277	1254	2,483	14,635
May	1288	-8	1303	1282	2,503	34,236
Jul	1308	-12	1326	1306	835	13,127
Sep	1328	-12	1346	1327	71	10,882
Dec	1360	-7	1370	1358	128	9,847
Mar	1388	-7	1395	1392	11	7,232
Total					6,024	92,359

■ COCOA (ICCO) (SDR's/tonne)

Feb 9	Price	Prev. day
Daily	930.87	926.74

■ COFFEE LCE ($/tonne)

Mar	2171	-4	2200	2145	2,997	14,457
May	1947	-31	2000	1931	2,325	11,978
Jul	1876	-35	1935	1865	315	4,582
Sep	1854	-26	1905	1850	84	2,624
Nov	1838	-22	1880	1840	65	1,243
Jan	1825	-26	–	–	–	136
Total					5,786	35,020

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	121.80	-4.45	129.85	121.10	4,373	10,734
May	119.40	-3.70	126.65	119.10	3,076	11,120
Jul	117.90	-3.55	124.75	117.70	848	3,287
Sep	116.85	-3.15	123.50	116.50	216	2,186
Dec	115.50	-2.50	121.00	115.50	104	1,162
Mar	114.80	-2.10	–	–	99	272
Total					8,516	28,798

■ COFFEE (ICO) (US cents/pound)

Feb 8	Price	Prev. day
Comp. daily	114.90	112.91
15 day average	109.81	108.75

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.90	–	–	–	–	–
May	11.65	–	–	–	–	–
Jul	11.65	–	–	–	–	–
Total					–	–

■ WHITE SUGAR LCE ($/tonne)

Mar	391.1	+8.6	393.5	378.6	3,398	4,099
May	367.3	+4.6	367.8	360.6	1,080	13,272
Aug	346.3	+2.3	346.8	342.5	454	6,029
Oct	316.4	+1.3	316.5	314.7	381	3,817
Dec	307.0	+0.4	306.0	306.0	1	2,501
Mar	302.7	–	302.5	302.5	2	634
Total					5,320	30,889

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	12.29	+0.26	12.38	11.88	13,002	57,326
May	11.65	+0.26	11.77	11.33	7,382	38,104
Jul	10.72	+0.20	10.75	10.47	2,069	27,339
Oct	10.46	+0.19	10.47	10.24	453	23,796
Mar	10.15	+0.09	10.15	10.04	391	13,481
May	10.02	+0.07	10.02	9.95	22	2,072
Total					23,462	163,211

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	84.33	-1.05	85.00	84.15	3,476	15,744
May	85.26	-0.84	85.60	85.00	1,593	16,744
Jul	85.47	-0.43	85.70	85.15	510	10,988
Oct	80.60	+0.06	80.80	80.00	280	1,967
Dec	78.61	+0.13	78.75	77.95	669	12,991
Mar	79.25	+0.05	79.50	79.05	50	1,126
Total					5,814	61,771

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Mar	124.40	+0.30	125.80	123.90	1,282	9,672
May	125.25	-0.20	126.80	124.80	1,055	6,027
Jul	126.25	-0.35	127.75	125.90	310	1,772
Sep	126.25	-0.70	127.00	125.75	223	1,387
Nov	124.75	-1.25	125.50	125.50	67	576
Jan	124.30	-0.70	125.50	123.50	59	1,883
Total					2,996	21,254

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Feb 9	Feb 9	month ago	year ago
2151.3	2154.5	2101.2	2257.7

■ CRB Futures (Base: 1967=100)

Feb 9	Feb 8	month ago	year ago
248.02	247.56	243.18	223.39

■ GSCI Spot (Base: 1970=100)

Feb 9	Feb 8	month ago	year ago
192.40	192.17	204.36	175.93

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Feb	64.775	+0.175	64.925	64.700	3,004	7,126
Apr	65.250	+0.175	65.300	64.950	8,460	34,544
Jun	62.850	+0.200	62.875	62.600	2,988	17,647
Aug	62.225	+0.225	62.300	62.050	1,158	8,268
Oct	63.125	+0.250	63.175	62.925	1,440	8,456
Dec	62.425	+0.125	62.450	62.250	797	4,645
Total					18,211	82,696

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Feb	49.950	+0.950	50.000	48.600	822	2,652
Apr	47.750	+0.300	47.800	47.100	2,978	12,602
Jun	52.675	+0.300	52.725	52.050	849	9,175
Jul	51.200	+0.350	51.475	50.750	282	2,827
Aug	49.450	+0.375	49.650	49.000	268	4,464
Oct	45.250	+0.225	45.550	45.000	66	1,874
Total					5,319	35,527

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	60.200	+1.900	60.200	58.100	432	657
Mar	60.050	+2.000	60.050	57.800	1,289	2,946
May	60.725	+2.000	60.725	58.550	784	2,160
Jul	59.550	+1.625	59.600	57.750	153	1,214
Aug	56.500	+1.500	56.500	55.100	28	227
Total					2,686	7,204

LONDON TRADED OPTIONS

Strike price $ tonne	Calls May	Calls Jul	Puts May	Puts Jul
■ ALUMINIUM (99.7%) LME	May	Jul	May	Jul
1600	99	126	34	48
1700	48	74	81	94
1800	19	40	151	157
■ COPPER (Grade A) LME	May	Jul	May	Jul
2400	151	135	26	62
2500	88	84	60	109
2600	44	49	116	171
■ COFFEE LCE	Mar	May	Mar	May
1500	671	454	-	7
1550	621	408	-	11
1600	571	364	-	17
■ COCOA LCE	Mar	May	Mar	May
875	32	61	2	10
900	13	44	8	18
925	4	30	24	29
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1650	-	31	-	-
1700	-	14	-	32
1750	-	7	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)

		+or-
Dubai	$15.31-5.33w	-0.015
Brent Blend (dated)	$17.17-7.19	-0.040
Brent Blend (Mar)	$16.82-6.84	-0.040
W.T.I.	$17.83-7.84w	-0.110

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$168-170	+2
Gas Oil	$185-187	+3.5
Heavy Fuel Oil	$91-93	-2
Naphtha	$164-165	+6
Jet fuel	$186-190	-1.5
Diesel	$186-188	+3.5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

Gold (per troy oz)♣	$402.90	-2.60
Silver (per troy oz)♣	571.5c	+7.0
Platinum (per troy oz.)	$418.50	-5.50
Palladium (per troy oz.)	$138.00	-1.35
Copper	123.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	15.76m	+0.04
Tin (New York)	298.50c	
Cattle (live weight)†	119.56p	+1.47*
Sheep (live weight)†♠	134.70p	+3.74*
Pigs (live weight)†	117.14p	+11.52*
Lon. day sugar (raw)	$306.3	-6.8
Lon. day sugar (wte)	$388.0	-3.0
Barley (Eng. feed)	121.5u	
Maize (US No3 Yellow)	150.5z	
Wheat (US Dark North)	Unq	
Rubber (Mar)♥	104.00p	+0.50
Rubber (Apr)♥	104.00p	+0.50
Rubber (KL RSS No1)	346.00m	+1.00
Coconut Oil (Phil)§	$747.5y	+5.0
Palm Oil (Malay.)§	$522.5y	+7.5
Copra (Phil)§	482.0y	+2.0
Soyabeans (US)	185.0u	
Cotton Outlook'A' index	88.35	
Wooltops (64s Super)	439p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Jan. u Feb.♥ w Mar. y Feb/Mar. x Oct/Dec London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week †

JOTTER PAD

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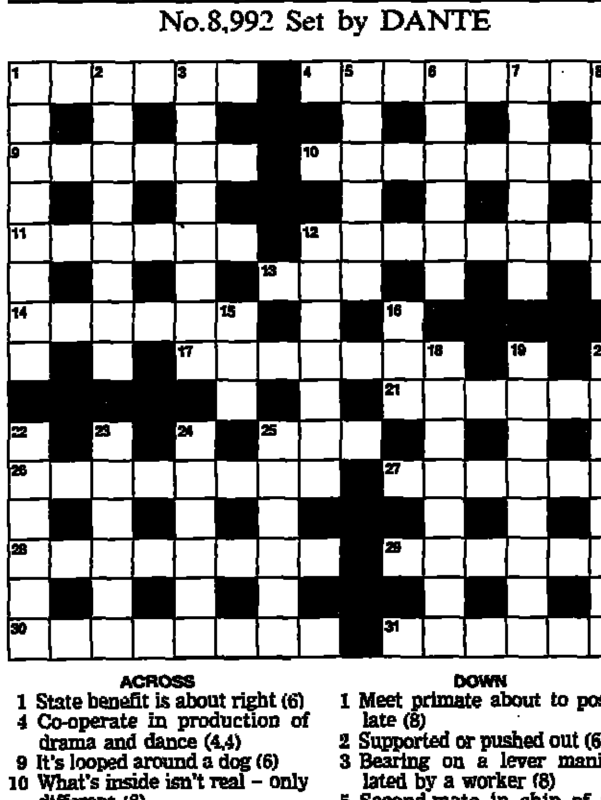
CROSSWORD

No.8,992 Set by DANTE



ACROSS
1 State benefit is about right (6)
4 Co-operate in production of drama and dance (4,4)
9 It's looped around a dog (6)
10 What's inside isn't real – only different (8)
11 Place of secret laughter (6)
12 Ratification contains error (8)
13 For the returning traveller (3)
14 He doesn't attend to his lessons (6)
17 Went quietly to give inside information to the editor (7)
21 Free to think again (6)
25 Amphibian decapitated – not right (3)
26 Suitable anger with which father sent back the drink (6)
27 One can't do more than this (6)
28 It gives us illumination – like a star (8)
29 Superior office (6)
30 Hustling around in the daytime (8)
31 Coming into season (6)

DOWN
1 Meet primate about to postulate (8)
2 Supported or pushed out (6,2)
3 Bearing on a lever manipulated by a worker (8)
5 Second-mate in ship of the line (6)
6 One hundred in cathedral city said to be poor (6)
7 Ball is arranged for those having reasons for innocence (6)
8 What is wrong in a record being beaten? (6)
12 Told to go after a booking? (4,3)
15 The cash element (3)
16 His opposite number (3)
18 The last place you would expect to find someone (5,3)
19 Produce vibrations and notes are created (8)
20 It's very hard yet maths revision is essential (8)
22 US state taking a right from another (6)
23 Depend upon Roy and Len getting involved (4,2)
24 Minimum investment for patrons of the pools (6)
25 Adjust height a fraction (6)

Solution to Saturday's prize puzzle on Saturday February 24.
Solution to yesterday's prize puzzle on Monday February 26.

US Treasuries firmer in wake of quarterly refunding

By Maggie Urry in New York and Martin Brice in London

US Treasury bonds were firmer yesterday in subdued trading in the wake of last week's record quarterly refunding. The lack of economic news, the closure of the Japanese market for a national holiday, and the celebration of Lincoln's birthday by some US states also contributed to a quiet trading day.

Near midday, the new 30-year Treasury bond auctioned last Thursday was 3/16 higher at 98⅝ to yield 6.077 per cent, while at the short end of the maturity spectrum the two-year note was up 1/16 at 100 5/32, yielding 4.830 per cent.

The primary dealers which bid for the $44.7bn of new three, 10 and 30-year paper last week, were distributing the securities to end-investors. Until that paper has been cleared off the dealers' books, traders said, the market may lack any clear direction.

Traders were also nervous ahead of today's release of the employment cost index, which they fear could show a faster rise in wages in the fourth quarter. That could cause inflation worries and raise doubts over when the next cut interest rates might come.

The Public Securities Association said foreign buying of Treasury bonds surged in the third quarter of last year to the highest percentage since 1978. Foreign holders owned nearly 30 per cent of the $3,000bn market, the PSA said.

■ European government bond markets fell in quiet trading with little to give a strong lead, although the Italy slipped on domestic worries.

■ German bonds fell as investors stayed on the sidelines after last week's volatility. The caution seems set to continue, at least until M3 figures are released next week.

Among factors causing uncertainty in the bund market, traders pointed to concern over the depth and range of interest rate easing, today's auction and the possibility of the end of fixed-rate repos and a return to variable rates, with doubts over European monetary union clouding the longer-term picture.

"There is little potential in the near term for the market to go up," said one trader.

Today's auction is for up to DM12bn of a 10-year bund, and Mr Christoph Anhamm, an analyst at UBS in Frankfurt, expects the bond to have a 6⅛ per coupon. The Bundesbank Council meets on Thursday, and this week may also see a return to variable repos.

The yield on two-year paper rose by 2 basis points and that on 10-year paper by 4 basis points, with the spread between the two maturities settling at 237 basis points.

On Liffe, the March 10-year bund future closed at 98.85, down 0.06. The yield spread of 10-year bunds over Treasuries rose 2 basis points to 41 points.

■ French government bonds slipped in line with bunds, and on Matif the March future settled at 121.76, down 0.04 while March Pibor settled at 95.55, down 0.02.

The yields on both one-year paper and 10-year bonds rose by 3 basis points, with the

GOVERNMENT BONDS

spread between the maturities at 202 points. The spread of 10-year paper over bunds was static at 40 basis points.

■ Italian bonds underperformed Germany and futures slipped more than a point on concern that Mr Antonio Maccanico, prime minister designate, would not be able to form a government and elections may have to be called to decide the issue.

On Liffe, the March future fell 1.05 to 111.29, and the yield on two-year paper rose 17 basis points while that on nine-year bonds rose 16 points, with the spread between the two maturities at 107 basis points.

Mr Steven Major, an analyst at Crédit Lyonnais in Paris, said a fall of one percentage point in BTPs was not unusual, but added: "It is unlikely that the market will fall much further.

"The market needs to see the negotiations form a government so there doesn't need to be an election, which will add an interminable amount of time to the process."

The yield on two-year paper rose by 17 basis points and that on nine-year bonds by 16 points, with the spread between the maturities at 107 points. The spread over 10-year bunds rose by 13 basis points to 427 points, while the spread of Spanish paper over bunds tightened by 2 points to 360 points.

■ UK government bonds had a quiet day but rose against bunds, with the 10-year spread tightening by 3 basis points to 160 points. The March future on Liffe closed up 3/32 at 109 10/32 in low volume of 38,000 contracts, while in the cash market the yield on two-year and on 10-year paper rose 1 basis point.

January producer price statistics were lower than expected. "Underlying inflation is virtually collapsing in the manufacturing sector," said Mr Don Smith at HSBC Markets.

Mr Simon Briscoe at Nikko said the figures were a promising background to the Bank of England inflation report, due tomorrow. "It is encouraging that companies have not tried to force through higher prices in the wake of the base rate cut and stories of stronger retail performance over the Christmas period," he said.

■ The Swedish government yield curve steepened as traders positioned themselves ahead of today's decision on a cut in the repo rate.

The yield on short-dated paper fell 7 basis points while on nine-year bonds it rose 1 point, with 123 basis points between the maturities. The spread over 10-year bunds tightened by 2 basis points to 265 points.

Mr Jonathan Davies at UBS said the Riksbank had room for a cut, perhaps of 25 basis points, since statistics were showing evidence of slowing inflationary pressures. A decision to hold the current repo rate could result in a sell-off at the short end, he said.

However, Mr Michael Dicks at J.P. Morgan said a cut might fuel uncertainty, since it would take the repo rate to the bottom of the range over which the Riksbank governor has autonomy. Making such a move without shifting the publicly-announced range might suggest that not all Riksbank board members were in favour of cutting, he said.

Revolving credit for St-Gobain

By Martin Brice

A $500m seven-year loan has been launched for Saint-Gobain, the French glass and materials group. The multi-currency revolving credit, which includes a swing-line option, has been arranged by ABN-Amro, Chemical Bank and Deutsche Morgan Grenfell. The funds will be used for general purposes, including back-up for the company's commercial paper programme.

SYNDICATED LOANS

Banks are being asked to subscribe to the loan in tranches of $50m, for which the participation fee is 5 basis points, or of $30m for a participation fee of 3 basis points.

Terms of the loan are 125 basis points over Libor for the first five years and 150 basis points over Libor after that.

The commitment fee is 6¼ basis points for the first five years then 7 basis points. A fee of 25 basis points is payable if more than half the facility is outstanding.

● Romania has taken a step towards full access of international capital markets with the private placement via Merrill Lynch of a $50m five-year floating-rate note for the National Bank of Romania. It follows two syndicated loans for Romania last year, both of which were oversubscribed and increased in size. The NBR has applied for credit ratings which are expected this quarter. It also plans a eurobond.

● Israel Electric Corporation has raised a five-year $100m loan at 50 basis points over Libor from a consortium of 20 banks from the US, Europe and Asia. The loan was oversubscribed in syndication and increased from $50m. The syndicate was led by Union Bank of Israel, Euro-Trade Bank, and Sumitomo Bank of Japan.

Better credit standing helps Finland

By Antonia Sharpe

Finland reaped the benefits of its efforts to improve its standing with investors yesterday when it launched a $1bn 10-year global bond offering.

The deal, its first in dollars since 1994, is set to be priced today at 36 to 37 basis points over US Treasuries. This compares with a launch spread of 55 basis points on its old 10-year dollar bond due 2004, which is trading at about 31 to 33 basis points over Treasuries.

Morgan Stanley, which arranged the offering, said the spread reflected the market's improved perception of Finland's credit. The country is rated AA2 by Moody's and double-A minus by Standard & Poor's, which also has a positive outlook on the rating.

Since 1992, Finland's government deficit has fallen from 12 per cent of gross domestic product to about 8 per cent. It has also reduced its foreign currency debt by relying more on its domestic bond market.

Morgan Stanley said most of the demand for the paper had come from Europe and the US but that the issue would also be marketed overnight in Japan and Asia.

INTERNATIONAL BONDS

International demand for 10-year dollar paper remains firm, which should encourage more issuers to tap this part of the yield curve. The Inter-American Development Bank is believed to be looking to raise $1bn through a 10-year global bond offering, with pricing rumoured at about 24 basis points over US Treasuries.

Elsewhere, the D-Mark and lira sectors of the eurobond market remained well-bid for emerging market paper, prompting the Province of Buenos Aires to launch a DM250m offering of five-year eurobonds and Telebras to launch L150bn of eurobonds due 1999 fungible with an outstanding issue of L350bn.

The Buenos Aires deal, its second in D-Marks, was priced to yield 525 basis points over five-year German government paper – which offered investors a significant pick-up over Argentina's outstanding D-Mark bonds which were trading at a spread of 360 basis points yesterday.

CS First Boston, which arranged the deal, said the 10 per cent coupon was what investors were after. The main demand for the bonds came from retail investors in Switzerland, Germany and the Benelux countries.

Syndicate managers believe Venezuela is close to launching a five-year D-Mark issue of between DM300m and DM500m. Other emerging market names could also tap the market for D-Marks or lire.

Today, the D-Mark sector should see a DM1bn five-year offering from Landesgirokasse Stuttgart, the second largest savings bank in Germany and the first to tap the international bond markets. Dealers expect the bonds to be priced to yield 40 basis points over German government paper.

Uncertainty over the direction of the German bond market prompted Merrill Lynch to launch a DM200m floating-rate note issue due 2000. The bonds, which carry a margin of 25 basis points over three-month Libor, were bought by investors looking for a defensive instrument. Unlike the dollar market there is no constant supply of FRNs in the D-Mark sector. This has caused secondary market spreads to tighten.

● Moody's yesterday confirmed the A1 rating of Pearson, the media company which owns the Financial Times, following news that it plans to buy the US text book publisher Harper Collins, for $580m. However, Moody's changed the outlook to negative from stable to reflect the increased event risk. About £225m of debt is affected.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Republic of Finland	1bn	(a)#	(a)R	Feb 2006	0.35R	(a)(5%%-06)	Morgan Stanley & Co Intl
D-MARKS							
Province of Buenos Aires	250	10.00	99.50R	Mar 2001	1.25R	+525(5%%-00)	CSFB-Effectenbank
DSL Bank(b)	250	(b1)	99.55	Feb 2006	0.20	-	Commerzbank
Merrill Lynch & Co‡	200	(c)	100.00R	Mar 2000	0.225R	-	Merrill Lynch Bank
YEN							
Landwirtschaftliche Rentenbank	35bn	3.20	100.35	Feb 2006	0.35	-	Salomon Brothers Intl
SWISS FRANCS							
Abbey Natl Treasury Services	100	2.67	100.00	Mar 1999	Undisc	-	Deutsche Morgan Grenfell
LUXEMBOURG FRANCS							
European Investment Bank(d)	2bn	6.00	102.60	May 2003	1.75	-	BCEE/BGL
ITALIAN LIRE							
Telebras(d)	150bn	13.00	100.63	Feb 1999	Undisc	-	BCI/JP Morgan Securities
ECUS							
LB Schleswig-Holstein(e)	100	5.25	99.892R	Mar 1999	0.20R	+5(5%-99)	Paribas Capital Markets
CANADIAN DOLLARS							
Farm Credit Corporation(s)	100	8.00	99.60R	Dec 2000	0.225R	flat(7¼%-00)	CIBC Wood Gundy

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. +Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Priced today at 36-37bp over Treasuries. b) DM500m launched 29/1/96 was increased to DM750m. c1) Rex 10-yr index x 81%. c) 3-mth Libor +25bp. d) Fungible with L350bn. Plus 18 days accrued. e) Spread relates to French govt Ecu BTANs. [illegible]

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	113.2470	–	8.05	8.14	8.11
Austria		6.125	02/06	97.9000	+0.010	6.42	6.40	6.29
Belgium		7.000	05/06	102.8800	–0.170	6.60	6.53	6.88
Canada *		8.750	12/05	112.1600	–0.100	7.01	7.14	7.08
Denmark		8.000	03/06	104.8600	+0.120	7.30	7.33	7.16
France	BTAN	7.000	10/00	105.8750	–0.130	5.52	5.56	5.90
	OAT	7.250	03/06	105.1200	–0.170	6.54	6.58	6.61
Germany Bund		6.000	01/06	99.1600	–0.190	6.11	6.12	5.99
Ireland		8.000	08/06	103.2700	–0.430	7.53	7.55	7.48
Italy		10.500	09/05	102.3200	–0.900	10.11†	10.08	10.45
Japan	No 129	6.400	03/00	117.2590	–0.030	1.85	1.83	1.72
	No 174	4.600	09/04	110.9970	–0.010	2.99	2.96	2.90
Netherlands		6.000	01/06	98.9200	–0.100	6.15	6.18	5.97
Portugal		11.875	02/05	113.8500	–	9.52	9.53	9.66
Spain		10.150	01/06	102.5300	–0.060	9.72	9.80	9.56
Sweden		6.000	02/05	83.2110	–0.050	8.78	8.69	8.32
UK Gilts		8.000	12/00	104–13	–	6.90	7.03	6.97
		7.500	12/06	99–01	–	7.63	7.74	7.51
		9.000	10/08	109–20	–1/32	7.79	7.87	7.65
US Treasury *		5.625	02/06	99–30	–	5.63	5.71	5.58
		6.000	02/26	98–22	+9/32	6.10	6.18	5.96
ECU (French Govt)		7.500	04/05	103.6700	+0.050	6.94	6.96	6.88

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest — Treasury Bills and Bond Yields

		One month	5.05	Two year	4.85
Prime rate	8¼	Two month	5.06	Three year	4.95
Broker loan rate	7	Three month	4.93	Five year	5.21
Fed.funds	5¼	Six month	4.81	10-year	5.85
Fed.funds at intervention	-	One year	4.81	30-year	6.10

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.78	121.76	–0.04	121.90	121.62	72,962	145,386
Jun	122.04	121.92	–0.10	122.04	121.84	4,664	18,671
Sep	120.80	120.68	–0.10	120.80	120.60	238	2,177

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
120	1.87	-	-	0.11	0.61	-
121	1.06	-	-	0.27	1.14	-
122	0.45	-	-	0.64	1.55	-
123	0.14	1.04	-	1.35	-	-
124	0.04	0.66	-	-	-	-

Est. vol. total, Calls 11,713 Puts 12,354. Previous day's open int., Calls 187,479 Puts 199,411.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.75	98.75	-0.16	98.89	98.52	119283	239278
Jun	97.70	97.87	-0.16	97.96	97.70	2112	18571

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
9850	0.56	0.50	0.74	0.92	0.31	1.13	1.37	1.55
9900	0.30	0.33	0.55	0.71	0.55	1.46	1.68	1.84
9950	0.13	0.20	0.39	0.55	0.88	1.83	2.02	2.18

Est. vol. total, Calls 15037 Puts 16197. Previous day's open int., Calls 268544 Puts 234876

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lire 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	111.85	111.29	-1.05	111.88	110.81	51768	62664
Jun	110.85	110.81	-1.04	111.11	110.60	321	5867

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lire200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11100	0.85	2.10	0.56	2.29
11150	0.59	1.85	0.80	2.54
11200	0.38	1.62	1.09	2.81

Est. vol. total, Calls 5397 Puts 8617. Previous day's open int., Calls 90242 Puts 81948

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	95.41	95.56	–0.03	95.77	94.83	73,998	52,026
Jun	95.15	95.10	–1.20	95.20	95.00	265	1,050

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	109-02	109-10	+0	109-14	109-00	36705	136403
Jun	108-18	108-18	+0	108-18	108-18	236	1832

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
109	0-46	0-57	1-17	1-36	0-26	1-21	1-45	2-00
110	0-17	0-33	0-55	1-08	0-61	1-61	2-19	2-36
111	0-05	0-17	0-36	0-51	1-49	2-45	3-00	3-15

Est. vol. total, Calls 2920 Puts 1090. Previous day's open int., Calls 42031 Puts 34115

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	90.66	90.76	+0.04	90.80	90.60	1,665	8,436

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	119–26	119–28	+0–06	119–29	119–17	482,223	323,635
Jun	119–09	119–12	+0–06	119–12	119–02	4,564	45,909
Sep	118–20	118–15	–0–05	118–24	118–15	642	5,985

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	119.82			119.91	119.82	280	0
Jun	118.38			118.38	118.37	147	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Feb 12	Day's change %	Fri Feb 9	Accrued interest	xd adj. ytd		Low coupon yield Feb 12	Feb 9	Yr. ago	Medium coupon yield Feb 12	Feb 9	Yr. ago	High coupon yield Feb 12	Feb 9	Yr. ago
1 Up to 5 years (22)	123.36	+0.05	123.63	2.46	0.77	5 yrs	7.00	7.00	8.68	7.03	7.04	8.70	7.11	7.12	8.87
2 5-15 years (21)	150.40	+0.15	150.17	3.28	0.00	15 yrs	7.78	7.85	8.59	7.88	7.89	8.70	7.98	7.98	8.92
3 Over 15 years (9)	164.93	+0.03	164.88	3.10	1.02	20 yrs	7.87	7.96	8.55	7.97	7.98	8.70	8.07	8.06	8.83
4 Irredeemables (6)	188.51	+0.27	188.00	2.96	0.00	Irred.†	8.06	8.06	8.58						
5 All stocks (57)	144.81	+0.10	144.80	2.99	0.47										

Index-linked	Mon Feb 12	Day's change %	Fri Feb 9	Accrued interest	xd adj. ytd		Inflation 5% Feb 12	Feb 9	Yr. ago	Inflation 10% Feb 12	Feb 9	Yr. ago
6 Up to 5 years (1)	198.14	+0.01	198.12	2.64	0.00	Up to 5 yrs	2.62	2.61	3.84	1.43	1.42	2.61
7 Over 5 years (11)	187.94	+0.03	187.88	1.12	0.31	Over 5 yrs	3.63	3.63	3.92	3.44	3.44	3.74
8 All stocks (12)	188.04	+0.03	187.98	1.16	0.30							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Feb 12	Feb 9	Feb 8	Feb 7	Feb 6	Yr ago	High*	Low*
Govt. Secs. (UK)	94.59	94.48	94.82	94.64	94.47	90.71	96.34	90.22
Fixed Interest	112.80	112.86	112.98	112.88	112.81	110.14	115.23	108.77

*for 1995/96. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5
Gilt Edged bargains	98.1	98.9	88.3	96.7	116.5
5-day average	99.7	98.4	95.8	105.8	110.4

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
15¼pc 1996‡‡	14.94	5.65	102⅛	—	106⅞	102⅛
Exch 13¼pc 1996‡‡	13.01	5.85	101⅞	—	106⅝	101⅞
Conversion 10pc 1996	9.71	5.87	103	—	104⅞	103
Treas 13¼pc 1997‡‡	12.42	5.87	106⅝	-⅛	109⅞	106⅝
Exch 10½pc 1997	10.05	5.89	104½xd	—	105⅞	104⅛
Treas Cnv 7pc 1997‡‡	6.91	6.02	101⅛	—	101⅞	97⅔
Treas 8¾pc 1997‡‡	8.42	6.03	103⅞	—	104⅛	100⅛
Exch 15pc 1997	13.14	6.10	114⅛	—	117⅛	114⅛
9¾pc 1998	9.17	6.20	106⅛	—	107⅛	102⅝
Treas 7¼pc 1998‡‡	7.12	6.28	101⅞	—	102⅛	96⅞
Treas 6¾pc 1995-98‡‡	6.74	6.62	100⅛	—	100⅛	94⅞
Treas 15½pc '98‡‡	12.76	6.47	121⅞	—	124⅛	120⅛
Exch 12pc 1998	10.56	6.53	113⅝	+⅛	114⅝	109⅞
Treas 9½pc 1999‡‡	8.83	6.57	107⅝	+⅛	108⅛	102⅞
Treas Flg Rate 1999	–	–	100⅛	—	100⅞	99⅞
Exch 12¼pc 1999	10.80	6.65	115⅞	+⅛	116⅞	111⅛
[illegible]						
Treas 8½pc 2005‡‡	8.01	7.80	106⅛	+⅛	108⅞	97⅝
7½pc 2006‡‡	7.57	7.62	99⅛	+⅛	101⅞	94⅞
7¾pc 2006‡‡	7.71	7.67	100½	+⅛	103⅛	92⅛
8pc 2002-6‡‡	7.86	7.75	101⅞	-⅛	104⅞	93⅛
Treas 11¾pc 2003-7	9.58	7.45	122⅞	+⅛	125⅛	113⅞
Treas 8½pc 2007‡‡	8.03	7.72	105⅞	+⅛	108⅞	97⅞
13½pc 2004-8	9.95	7.53	135⅞	+⅛	139⅞	126⅛
Treas 9pc 2008‡‡	8.21	7.78	109⅝	—	112⅞	101⅛
Treas 8pc 2009	7.89	7.83	101⅛	+⅛	104½	94⅛
Treas 6 1/4pc 2010	7.13	7.91	87⅝	+2	89⅛	79⅛
[illegible]						

Notes	Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
Index-Linked (b)						
2pc '96 (67.9)	–	2.16	216⅛	—	216⅛	203⅝
4⅝pc '98‡‡ (135.6)	1.43	2.62	112⅞	—	113⅛	107⅛
2½pc '01 (78.3)	2.96	3.43	178⅛	—	180⅛	168⅞
2½pc '03 (78.8)	3.15	3.52	174⅛	—	176⅛	162⅞
4⅜pc '04‡‡ (135.6)	3.17	3.51	115⅛	—	116⅞	108⅞
2pc '06 (69.5)	3.27	3.52	183⅛	+⅛	185⅞	168⅞
2½pc '09 (78.8)	3.36	3.58	155⅛	—	157⅛	152⅞
2½pc '11 (74.6)	3.41	3.61	171⅛	+⅛	173⅛	157⅛
2½pc '13 (89.2)	3.46	3.64	140⅝xd	+⅛	143	129⅛
2½pc '16 (81.6)	3.50	3.67	149⅞	+⅛	152⅛	137⅞
2½pc '20 (83.0)	3.55	3.69	143⅞	+⅛	146⅞	131⅞
2½pc '24‡‡ (97.7)	3.54	3.67	119⅞	+⅛	122⅞	109⅝
4⅛pc '30‡‡ (135.1)	3.57	3.69	117⅞	+⅛	120⅞	108⅛

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to [illegible]

Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on February 12

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 5 97	1000	99⅞	100		5.13
Abbey Natl Treasury 6½ 03	1000	102¾	103	+⅛	6.01
ABN Amro Bank 7¼ 05	1000	107¼	107½	+⅛	6.31
African Dev Bk 7⅞ 23	500	106	106½	-⅛	6.88
Alberta Province 7⅝ 98	1000	106⅛	106⅜	+⅛	5.15
Asian Dev Bank 6¼ 05	750	102⅜	102½		6.01
Austria 8½ 00	400	110⅝	111		5.44
[illegible]					
Sweden 8 97	2500	106⅞	107		3.80
United Kingdom 7¼ 97	5500	105½	105⅝	-⅛	3.73
Volkswagen Intl Fin 7 03	1000	103½	104	-¼	6.38
World Bank 0 15	2000	29¼	29⅝	-¼	6.39
World Bank 5⅞ 03	3000	99½	99⅝	+⅛	5.95
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	34½	35		5.47
[illegible]					
Abbey Natl Treasury 8 03 £	1000	100⅝	100⅞		7.88
Alliance Leics 11⅜ 97 £	100	105¾	106⅛		6.35
British Land 8⅞ 23 £	150	91¾	92¼		9.98
Denmark 6¾ 98 £	800	100¾	100⅞		6.62
EIB 8 03 £	1000	101¾	102	+⅛	7.67
Halifax 10⅜ 97 £	100	104⅛	104⅜	+⅛	6.21
Hanson 10⅜ 97 £	500	105½	105¾		6.77
HSBC Holdings 11.69 02 £	153	116⅝	117		8.25
[illegible]					

YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS: [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. [illegible] CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible]

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هكذا من الأصل

CURRENCIES AND MONEY

MARKETS REPORT

Pound suffers as Scott report looms

By Robert Chote

Nervousness about political fall-out from Lord Justice Scott's forthcoming report on the "arms to Iraq" affair undermined sterling yesterday, dominating a day of subdued activity on the foreign exchanges.

The US dollar weakened a little but continued trading in a fairly narrow range against the D-mark, with few fireworks expected here until the publication of the next set of German money supply figures. Trading in the yen was quiet with Tokyo on holiday.

The dollar closed 0.49 pfennigs weaker at DM1.4725 and 0.41 yen weaker at Y106.555. Mr Jim O'Neill, chief currency economist at Goldman Sachs, predicted that the dollar would pick up over the next six months to DM1.55 and Y112.

The French franc meanwhile suffered as Mr Alain Juppé, the French prime minister, was erroneously reported to have said that the timetable for a single European currency might have to be rethought if too few countries qualified in time for the proposed start.

■ The pound began the day in poor shape, in part because of a kneejerk reaction to the IRA bomb in London's Canary Wharf area on Friday night.

But analysts said that the publication of the Scott report, due on Thursday afternoon, was acting as a more significant drag on the pound. Dealers fear that criticisms of ministers will further undermine the government's popularity, putting more pressure on Mr Kenneth Clarke, the chancellor, to use economic policy to lift the "feel-good factor".

■ Pound in New York

Feb 12	—Latest—	— Prev. close —
£ spot	1.5310	1.5305
1 mth	1.5288	1.5293
3 mth	1.5275	1.5271
1 yr	1.5185	1.5159

The pound slipped below $1.53 and DM2.2550 barriers at one stage in the morning but recovered some ground later. It closed 0.11 cents below Friday's close at $1.5309 and 0.92 pfennigs down at DM2.2541.

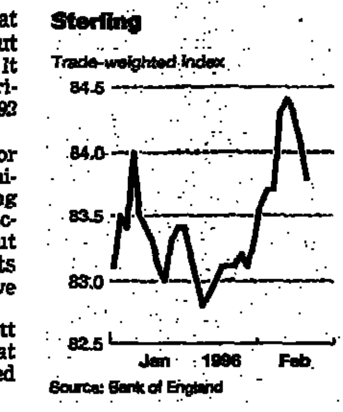
Ms Alison Cottrell, senior international economist at PaineWebber, said the looming Scott report was the main factor depressing sterling, but that pessimism about its impact would probably prove to have been overdone.

"It is difficult to see the Scott report turning out so bad that it hasn't already been priced in", she said.

Official figures showing weaker upward pressure on industry's costs and prices in January had little impact on the markets ahead of tomorrow's Inflation Report from the Bank of England.

Mr Adrian Cunningham, senior currency economist with UBS, said the inflation report was the only real obstacle for UK asset markets to overcome this week. But he noted that the Bank's recent forecast record meant that any pessimistic tone it adopted on inflation might not be taken too negatively.

Sterling



Source: Bank of England

■ The French franc suffered in late trading as Mr Alain Juppé, the French prime minister, appeared to concede that plans for a single European currency might need to be delayed. The franc ended the day at FFr3.439 to the D-mark, down from FFr3.435 at Friday's close.

However, the unexpected candour of Mr Juppé's comments – made after a meeting with German chancellor Mr Helmut Kohl – was later put down to an error by the official translator at the press conference. Mr Juppé in fact said that countries which did not qualify in time for the original start date would have a fresh chance to qualify later.

"We know what will happen in 1999," he said. "If some countries do not make the grade, other dates are provided for in the treaty. France and Germany will not make Emu alone – other countries will make the 1998-9 appointment".

Mr Steve Barrow, economist at Chemical Bank, said that the FFr/D-mark exchange rate had been "offish" before Mr Juppé spoke and that the markets would continue to lack real direction until people were able to take a more aggressive view on the outlook for Emu.

■ The lira came under some pressure following the failure of Italy's prime minister-designate, Mr Antonio Maccanico, to assemble a government during discussions at the weekend.

The Italian currency was sluggish relative to the D-mark for most of the day. It ended at L1066 to the D-mark, down from L1061 at Friday's close.

But Mr O'Neill at Goldman Sachs reasserted his view that the lira remains one of the best buys in the currency market. He argued that it was well below its "equilibrium" level of around L783 and predicted that the Italian currency would be trading at L970 to the D-mark in six months' time.

■ OTHER CURRENCIES

Feb 12	£	$
Czech Rp	41.2866 - 41.3148	26.9720 - 26.9830
Hungary	214.382 - 216.558	141.380 - 141.430
Iran	4593.50 - 4591.50	3000.00 - 3000.00
Kuwait	0.4576 - 0.4583	0.2991 - 0.2993
Poland	3.8821 - 3.8854	2.5430 - 2.5440
Russia	7276.25 - 7277.53	4752.00 - 4755.00
U.A.E.	5.6209 - 5.6247	3.6725 - 3.6734

POUND SPOT FORWARD AGAINST THE POUND

Feb 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.8493	-0.0675	414 - 571	15.8872	15.8414	15.8193	2.3	15.7368	2.6	-	-	108.5
Belgium	(BFr)	46.3473	-0.1781	252 - 693	46.4370	46.3252	46.2373	2.8	46.0123	2.9	45.1123	2.7	108.5
Denmark	(DKr)	8.7211	-0.0371	176 - 246	8.7400	8.7178	8.7084	1.7	8.6829	1.8	8.5829	1.6	108.5
Finland	(FM)	7.0589	-0.0181	535 - 643	7.1080	7.0535	7.0545	0.7	7.0465	0.7	-	-	83.8
France	(FFr)	7.7505	-0.0236	471 - 538	7.7817	7.7434	7.7386	1.8	7.7168	1.7	7.6309	1.5	109.4
Germany	(DM)	2.2541	-0.0092	530 - 552	2.2617	2.2524	2.249	2.7	2.2362	2.6	2.1948	2.6	110.7
Greece	(Dr)	371.553	-2.212	381 - 714	373.782	371.391	-	-	-	-	-	-	66.0
Ireland	(I£)	0.9722	-	713 - 730	0.9735	0.9689	0.9712	1.2	0.9698	1.1	0.9641	0.8	97.7
Italy	(L)	2402.72	+1.77	142 - 403	2413.60	2398.44	2409.52	-3.4	2423.62	-3.5	2475.72	-3.0	73.5
Luxembourg	(LFr)	46.3473	-0.1781	252 - 693	46.4370	46.3252	46.2373	2.8	46.0123	2.9	45.1123	2.7	108.5
Netherlands	(Fl)	2.5253	-0.0107	223 - 243	2.5358	2.5223	2.5171	2.9	2.5036	3.1	2.4525	2.8	108.6
Norway	(NKr)	9.8513	-0.0314	475 - 551	9.8863	9.8434	9.8446	0.8	9.8305	0.8	9.7712	0.8	98.2
Portugal	(Es)	234.052	-1.21	922 - 182	235.698	233.922	234.477	-2.2	235.302	-2.3	-	-	95.4
Spain	(Pta)	189.730	-0.726	566 - 893	190.050	189.520	190.148	-2.8	190.958	-2.7	194.193	-2.4	82.2
Sweden	(SKr)	10.6465	-0.0034	365 - 565	10.6613	10.6385	10.6483	-0.2	10.6516	-0.2	10.6622	-0.1	84.9
Switzerland	(SFr)	1.8398	-0.0107	387 - 411	1.8460	1.8380	1.8331	4.4	1.8201	4.3	1.77	3.8	113.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	83.8
Ecu	-	1.2275	-0.0039	269 - 281	1.2288	1.2245	1.2261	1.4	1.2229	1.5	1.21	1.4	-
SDR†	-	1.051000	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5306	-0.0007	302 - 310	1.5326	1.5260	-	-	-	-	-	-	-
Brazil	(R$)	1.4977	-0.001	971 - 983	1.4994	1.4926	-	-	-	-	-	-	-
Canada	(C$)	2.1007	-0.0012	998 - 016	2.1057	2.0925	2.0991	0.9	2.096	0.9	2.0845	0.8	83.6
Mexico	(New Peso)	11.5074	+0.0407	977 - 171	11.5177	11.4358	-	-	-	-	-	-	-
USA	($)	1.5309	-0.0011	305 - 312	1.5331	1.5282	1.5297	0.9	1.5275	0.9	1.5154	1.0	98.0
Pacific/Middle East/Africa													
Australia	(A$)	2.0299	+0.0033	288 - 310	2.0310	2.0185	2.0318	-1.1	2.0358	-1.2	2.0547	-1.2	88.4
Hong Kong	(HK$)	11.8370	-0.0073	335 - 405	11.8544	11.8012	11.8291	0.8	11.8157	0.7	11.7643	0.6	-
India	(Rs)	56.5573	+0.0283	061 - 085	56.6790	56.2680	-	-	-	-	-	-	-
Israel	(Shk)	4.7690	-0.0144	646 - 734	4.7752	4.7646	-	-	-	-	-	-	-
Japan	(Y)	163.120	-0.745	998 - 241	163.720	162.998	162.37	5.5	160.865	5.6	154.72	5.1	138.4
Malaysia	(M$)	3.9773	-0.0046	956 - 989	3.9943	3.9898	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2725	+0.0036	711 - 738	2.2743	2.2668	2.2761	-1.9	2.2835	-1.9	2.3131	-1.8	106.0
Philippines	(Peso)	40.0318	+0.0004	461 - 174	40.1174	39.9481	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7417	-0.004	400 - 434	5.7487	5.7245	-	-	-	-	-	-	-
Singapore	(S$)	2.1639	-0.0058	626 - 651	2.1689	2.1593	-	-	-	-	-	-	-
South Africa	(R)	5.5831	-0.0051	810 - 851	5.5927	5.5861	-	-	-	-	-	-	-
South Korea	(Won)	1191.77	-3.84	134 - 219	1193.37	1188.15	-	-	-	-	-	-	-
Taiwan	(T$)	42.0448	-0.0432	321 - 575	42.1035	41.9354	-	-	-	-	-	-	-
Thailand	(Bt)	38.6922	-0.0355	757 - 087	38.7340	38.5880	-	-	-	-	-	-	-

† Rates for Feb 9 Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P. Morgan Index
Europe													
Austria	(Sch)	10.3533	-0.0366	505 - 560	10.3970	10.3505	10.3373	1.9	10.3033	1.9	10.1833	1.6	106.0
Belgium	(BFr)	30.2755	-0.0945	650 - 850	30.3750	30.2680	30.2255	2.0	30.1255	2.0	29.7855	1.6	107.5
Denmark	(DKr)	5.6969	-0.0201	959 - 979	5.7223	5.6959	5.6927	0.9	5.6844	0.9	5.7044	-0.1	108.5
Finland	(FM)	4.6111	-0.0085	086 - 136	4.6526	4.6066	4.6068	1.2	4.5981	1.1	4.5816	0.6	83.1
France	(FFr)	5.0629	-0.0119	619 - 639	5.0785	5.0550	5.0587	1.0	5.0514	0.9	5.0334	0.6	108.8
Germany	(DM)	1.4725	-0.0049	721 - 728	1.4787	1.4719	1.4702	1.9	1.4651	2.0	1.4478	1.7	109.8
Greece	(Dr)	242.710	-1.27	660 - 760	244.180	242.650	244.235	-7.5	247.335	-7.6	262.01	-8.0	65.2
Ireland	(I£)	1.5747	+0.0012	737 - 757	1.5774	1.5710	1.5752	-0.5	1.5756	-0.2	1.5866	-0.8	-
Italy	(L)	1569.54	+2.29	904 - 003	1577.25	1568.10	1573.19	-4.3	1580.84	-4.4	1634.04	-4.1	73.4
Luxembourg	(LFr)	30.2755	-0.0945	650 - 850	30.3750	30.2680	30.2255	2.1	30.1355	1.8	29.8305	1.5	107.5
Netherlands	(Fl)	1.6483	-0.0058	480 - 486	1.6565	1.6479	1.6455	2.0	1.6398	2.1	1.6186	1.8	107.8
Norway	(NKr)	6.4352	-0.0159	342 - 362	6.4572	6.4268	6.4329	0.4	6.4247	0.7	6.4077	0.4	98.1
Portugal	(Es)	152.890	-0.68	840 - 940	153.350	152.640	153.265	-2.9	154.035	-3.0	157.64	-3.1	95.2
Spain	(Pta)	123.920	-0.365	880 - 960	124.300	123.650	124.215	-2.9	125.05	-3.6	128.54	-3.7	81.7
Sweden	(SKr)	6.9547	+0.0028	487 - 596	6.9857	6.9497	6.9718	-2.9	7.0012	-2.7	7.1387	-2.6	84.4
Switzerland	(SFr)	1.2019	-0.0061	014 - 024	1.2090	1.2002	1.1983	3.6	1.1914	3.5	1.1676	2.9	112.8
UK	(£)	1.5309	-0.0011	305 - 312	1.5331	1.5282	1.5297	0.9	1.5275	0.9	1.5154	1.0	83.7
Ecu	-	1.2472	+0.003	468 - 475	1.2508	1.2440	1.2475	-0.3	1.2479	-0.2	1.2485	-0.1	-
SDR†	-	0.68410	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	+0.0003	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	0.9784	+0.0001	782 - 785	0.9785	0.9782	-	-	-	-	-	-	-
Canada	(C$)	1.3723	+0.0002	720 - 725	1.3727	1.3703	1.3725	-0.1	1.3726	-0.1	1.3776	-0.4	83.1
Mexico	(New Peso)	7.5170	+0.032	120 - 220	7.5300	7.5100	7.5193	-0.4	7.5225	-0.3	7.5273	-0.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.2
Pacific/Middle East/Africa													
Australia	(A$)	1.3259	+0.0030	256 - 264	1.3264	1.3240	1.3279	-1.8	1.3314	-1.7	1.3501	-1.8	89.9
Hong Kong	(HK$)	7.7323	+0.0003	318 - 328	7.7328	7.7318	7.733	-0.1	7.7348	-0.1	7.7618	-0.4	-
India	(Rs)	36.9450	+0.045	200 - 700	37.0100	36.8800	37.095	-4.9	37.4	-4.9	38.87	-5.2	-
Israel	(Shk)	3.1153	-0.0072	131 - 174	3.1231	3.1125	-	-	-	-	-	-	-
Japan	(Y)	106.555	-0.41	500 - 610	107.110	106.500	106.14	4.7	105.31	4.7	102.11	4.2	138.4
Malaysia	(M$)	2.5458	-0.0012	453 - 463	2.5498	2.5460	2.5487	-0.4	2.5628	-1.1	2.5783	-1.2	-
New Zealand	(NZ$)	1.4843	+0.0035	839 - 850	1.4863	1.4835	1.4874	-2.5	1.4932	-2.4	1.5178	-2.3	-
Philippines	(Peso)	26.1500	+0.0185	000 - 000	26.2000	26.1000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	+0.0001	504 - 509	3.7509	3.7504	3.7511	-0.1	3.7519	-0.1	3.7552	-0.1	-
Singapore	(S$)	1.4135	-0.0028	130 - 140	1.4165	1.4130	1.41	3.0	1.404	2.7	1.3785	2.5	-
South Africa	(R)	3.6470	-0.0008	465 - 475	3.6503	3.6465	3.6757	-9.5	3.7272	-8.8	3.9505	-8.3	-
South Korea	(Won)	778.500	-1.95	400 - 600	780.100	778.600	781.5	-4.8	785	-3.3	803.5	-3.2	-
Taiwan	(T$)	27.4650	-0.0085	630 - 670	27.4760	27.4630	27.485	-0.9	27.525	-0.9	-	-	-
Thailand	(Bt)	25.2750	-0.005	700 - 800	25.2840	25.2700	25.3737	-4.7	25.5775	-4.8	26.46	-4.7	-

† SDR rate per $ for Feb 9. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 9: Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

February 12	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.90	-	5.60
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.05	-	5.60
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.72
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	9.89
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-

■ $ LIBOR FT London

	Over night	One month	Three mths	Six mths	One year
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar CDs	-	5.10	4.97	4.87	4.75
week ago	-	5.10	5.10	5.12	4.89
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.

Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 12	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.59	95.55	-0.02	95.60	95.55	15,041	48,886
Jun	95.72	95.66	-0.03	95.73	95.66	8,388	55,511
Sep	95.72	95.66	-0.03	95.72	95.67	5,420	46,554

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.77	96.78	-	96.79	96.75	7542	178262
Jun	96.83	96.84	-0.02	96.85	96.82	13825	189117
Sep	96.71	96.71	-0.03	96.73	96.69	10765	172736
Dec	96.47	96.48	-0.02	96.49	96.43	14068	151554

■ THREE MONTH EUROLIRA FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.58	90.51	-0.13	90.58	90.42	8381	41844
Jun	91.18	91.12	-0.12	91.18	91.03	3733	31129
Sep	91.34	91.37	-0.12	91.41	91.31	1278	18507
Dec	91.38	91.39	-0.10	91.42	91.38	563	11084

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.20	98.25	+0.01	98.27	98.20	6317	23006
Jun	98.02	98.06	+0.01	98.09	98.01	3957	22537
Sep	97.80	97.84	+0.01	97.88	97.79	1986	12566
Dec	97.50	97.56	+0.01	97.59	97.50	1317	7917

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.46	95.48	-0.02	95.48	95.46	605	8115
Jun	95.59	95.61	-0.01	95.63	95.59	338	4820
Sep	95.58	95.60	-	95.61	95.58	118	2934
Dec	95.44	95.41	-0.01	95.44	95.41	123	3066

* LIFFE futures also traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.82	94.83	+0.02	94.83	94.82	30,592	394,086
Jun	95.21	95.21	+0.01	95.23	95.21	58,402	444,733
Sep	95.37	95.37	+0.02	95.38	95.36	67,254	326,794

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.33	95.33	+0.01	95.33	95.33	1,362	9,795
Jun	95.64	95.66	+0.02	95.66	95.64	784	7,574
Sep	-	95.79	+0.03	95.79	-	53	909

All Open interest figs. are for previous day

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 12		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.82	16.72	4.863	2.097	5184	5.443	21.25	505.1	409.3	22.98	3.968	2.157	4.533	3.303	351.9	2.647
Denmark	(DKr)	53.15	10	8.888	2.585	1.115	2755	2.893	11.30	268.4	217.5	12.21	2.109	1.147	2.409	1.756	187.0	1.407
France	(FFr)	59.80	11.25	10	2.908	1.254	3100	3.255	12.71	302.0	244.7	13.74	2.373	1.290	2.711	1.975	210.4	1.583
Germany	(DM)	20.56	3.869	3.439	1	0.431	1066	1.119	4.370	103.9	84.16	4.725	0.816	0.444	0.932	0.679	72.36	0.544
Ireland	(I£)	47.69	8.972	7.974	2.319	1	2472	2.596	10.13	240.8	195.2	10.96	1.892	1.029	2.162	1.575	167.8	1.262
Italy	(L)	1.929	0.363	0.323	0.094	0.040	100.	0.105	0.410	9.742	7.894	0.443	0.077	0.042	0.087	0.064	6.787	0.051
Netherlands	(Fl)	18.37	3.457	3.072	0.893	0.385	952.4	1	3.904	92.79	75.19	4.221	0.729	0.396	0.833	0.607	64.65	0.486
Norway	(NKr)	47.05	8.853	7.868	2.288	0.987	2439	2.561	10	237.6	192.6	10.81	1.867	1.015	2.133	1.554	165.6	1.246
Portugal	(Es)	19.80	3.725	3.311	0.963	0.415	1026	1.078	4.208	100.	81.03	4.549	0.786	0.427	0.897	0.654	69.67	0.524
Spain	(Pta)	24.43	4.597	4.086	1.188	0.512	1267	1.330	5.193	123.4	100.	5.614	0.969	0.527	1.108	0.807	85.98	0.647
Sweden	(SKr)	43.52	8.189	7.278	2.116	0.913	2256	2.369	9.250	219.8	178.1	10	1.727	0.939	1.973	1.438	153.1	1.152
Switzerland	(SFr)	25.20	4.742	4.215	1.226	0.529	1307	1.372	5.357	127.3	103.2	5.791	1	0.544	1.142	0.833	88.69	0.667
UK	(£)	46.35	8.721	7.751	2.254	0.972	2403	2.523	9.851	234.1	189.7	10.65	1.839	1	2.101	1.531	163.1	1.227
Canada	(C$)	22.06	4.151	3.689	1.073	0.463	1144	1.201	4.689	111.4	90.29	5.069	0.875	0.476	1	0.729	77.63	0.584
US	($)	30.27	5.696	5.063	1.472	0.635	1570	1.648	6.434	152.9	123.9	6.956	1.201	0.653	1.372	1	106.5	0.801
Japan	(Y)	28.42	5.347	4.752	1.382	0.596	1473	1.547	6.040	143.5	116.3	6.530	1.128	0.613	1.288	0.939	100.	0.752
Ecu		37.78	7.108	6.317	1.837	0.792	1958	2.056	8.029	190.8	154.6	8.680	1.499	0.815	1.712	1.248	132.9	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6780	0.6805	+0.0026	0.6806	0.6777	25,606	75,533
Jun	0.6831	0.6830	+0.0019	0.6834	0.6825	352	3,805
Sep	0.6850	0.6855	+0.0016	0.6856	0.6850	22	1,397

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8300	0.8344	+0.0035	0.8362	0.8300	13,217	41,838
Jun	0.8410	0.8415	+0.0038	0.8425	0.8410	429	1,787
Sep	-	0.8470	+0.0037	0.8470	-	5	181

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9385	0.9428	+0.0042	0.9435	0.9383	19,578	74,906
Jun	0.9520	0.9535	+0.0043	0.9537	0.9519	1,489	5,333
Sep	0.9631	0.9631	+0.0043	0.9631	0.9631	40	733

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5258	1.5302	+0.0002	1.5314	1.5254	20,357	48,579
Jun	1.5264	1.5270	+0.0002	1.5280	-	14	353
Sep	-	1.5230	-0.0002	1.5240	1.5230	1	6

EMS EUROPEAN CURRENCY UNIT RATES

Feb 12	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Spain	162.493	159.080	-0.401	-2.10	4.98	15
Netherlands	2.15214	2.11853	-0.00042	-1.65	4.51	12
Belgium	39.3960	38.8757	+0.001	-1.32	4.15	10
Austria	13.4383	13.2940	-0.0029	-1.07	3.89	8
Germany	1.91007	1.89052	-0.00023	-1.02	3.84	10
Portugal	195.792	196.334	-0.204	0.28	2.49	-2
Denmark	7.28580	7.31620	-0.00276	0.42	2.35	-3
France	6.40608	6.49702	-0.00694	1.42	1.34	-12
Ireland	0.792214	0.814206	+0.001812	2.78	0.00	-19
NON ERM MEMBERS						
Greece	292.867	311.672	-0.932	6.42	-3.42	-
Italy	2106.15	2016.10	+5.4	-4.28	7.37	-
UK	0.786652	0.837341	+0.001527	6.44	-3.45	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
1.490	3.87	-	4.23	0.01	0.22	0.57
1.500	2.87	3.09	3.46	0.02	0.37	0.82
1.510	1.93	2.36	2.77	0.05	0.60	1.13
1.520	1.04	1.69	2.21	0.18	0.93	1.43
1.530	0.39	1.14	1.69	0.46	1.39	1.92
1.540	0.13	0.73	1.26	1.14	1.80	2.51

Previous day's vol., Calls 2,286 Puts 3,135 . Prev. day's open int., Calls 181,897 Puts 217,882

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
9675	0.04	0.08	0.15	0.19	0.01	0.05	0.06	0.10
9700	0	0.02	0.04	0.07	0.22	0.24	0.20	0.23
9725	0	0	0	0.02	0.47	0.47	0.41	0.43

Est. vol. total, Calls 22748 Puts 2271. Previous day's open int., Calls 308519 Puts 285829

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9825	0.12	0.13	0.13	0.12	0.32	0.54
9850	0.02	0.05	0.06	0.27	0.49	0.72
9875	0.01	0.01	0.04	0.51	0.70	0.95

Est. vol. total, Calls 90 Puts 0. Previous day's open int., Calls 9335 Puts 4272

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9050	0.21	0.80	1.18	0.20	0.18	0.31
9075	0.11	0.62	0.98	0.35	0.25	0.37
9100	0.05	0.47	0.81	0.54	0.35	0.44

Est. vol. total, Calls 800 Puts 300. Previous day's open int., Calls 20788 Puts 17061

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BASE LENDING RATES

	%		%		%
Adam & Company	6.25	Duncan Lawrie	6.25	Royal Bk of Scotland	6.25
Allied Trust Bank	6.25	Exeter Bank Limited	7.25	●Singer & Friedlander	6.25
AIB Bank	6.25	Financial & Gen Bank	7.00	●Smith & Williman Secs	6.25
●Henry Ansbacher	6.25	●Robert Fleming & Co	6.25	TSB	6.25
Bank of Baroda	6.25	Girobank	6.25	United Bank of Kuwait	6.25
Banco Bilbao Vizcaya	6.25	●Guinness Mahon	6.25	Unity Trust Bank Plc	6.25
Bank of Cyprus	6.25	Habib Bank AG Zurich	6.25	Western Trust	6.25
Bank of Ireland	6.25	●Hambros Bank	6.25	Whiteaway Laidlaw	6.25
Bank of India	6.25	Heritable & Gen Inv Bk	6.25	Yorkshire Bank	6.25
Bank of Scotland	6.25	●Hill Samuel	6.25		
Barclays Bank	6.25	C. Hoare & Co	6.25	● Members of London Investment Banking Association	
Brit Bk of Mid East	6.25	Hongkong & Shanghai	6.25	* In administration	
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.25		
Citibank NA	6.25	●Leopold Joseph & Sons	6.25		
Clydesdale Bank	6.25	Lloyds Bank	6.25		
The Co-operative Bank	6.25	Meghraj Bank Ltd	6.25		
Coutts & Co	6.25	Midland Bank	6.25		
Credit Lyonnais	6.25	* Mount Credit Corp	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.25		
		●Rea Brothers	6.25		

UK INTEREST RATES

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.89	93.88	-0.03	93.90	93.87	27838	84779
Jun	94.18	94.19	+0.01	94.21	94.15	26543	81321
Sep	94.17	94.18	+0.01	94.20	94.15	6903	63801
Dec	93.95	93.97	-	94.00	93.94	5629	46580
Mar	93.67	93.67	-0.01	93.70	93.64	1279	32063

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9375	0.16	0.47	0.56	0.03	0.03	0.15
9400	0.04	0.29	0.41	0.16	0.10	0.23
9425	0.01	0.15	0.27	0.38	0.21	0.34

Est. vol. total, Calls 3074 Puts 2833. Previous day's open int., Calls 145284 Puts 148753

LONDON MONEY RATES

Feb 12	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¾ - 6⅛	6⅝ - 6¼	6⁵⁄₁₆ - 6³⁄₁₆	6¼ - 6⅛	6⅛ - 6	6⅛ - 6
Sterling CDs	-	-	6⁹⁄₃₂ - 6⁷⁄₃₂	6⁵⁄₃₂ - 6³⁄₃₂	6¹⁄₁₆ - 6	6¹⁄₃₂ - 5³¹⁄₃₂
Treasury Bills	-	-	6⅛ - 6³⁄₃₂	6¹⁄₁₆ - 6	-	-
Bank Bills	-	-	6⅛ - 6³⁄₃₂	6¹⁄₁₆ - 6	5³¹⁄₃₂ - 5²⁹⁄₃₂	-
Local authority deps.	6⁵⁄₁₆ - 6³⁄₁₆	6³⁄₁₆ - 6⅛	6³⁄₁₆ - 6⅛	6⅛ - 6¹⁄₁₆	6¹⁄₁₆ - 5¹⁵⁄₁₆	6¹⁄₁₆ - 5¹⁵⁄₁₆
Discount Market deps	6½ - 6¼	6³⁄₁₆ - 6⅛	-	-	-	-

UK clearing bank base lending rate 6¼ per cent from January 18, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount 6.0034pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1996. Agreed rate for period Feb 26, 1996 to Mar 25, 1996, Schemes II & III 7.89pc. Reference rate for period Dec 30, 1995 to Jan 31, 1996, Schemes IV & V 6.440pc. Finance House Base Rate 6.5pc from February 1, 1996

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•
Kredietbank N.V.
•
NatWest Futures Limited
(acting on behalf of NatWest Markets)
•
UBS Futures & Options Limited
(acting on behalf of Union Bank of Switzerland)

ALCOHOLIC BEVERAGES

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq	♣WV□	522xd	+6½	565	478½	5,402	5.6	18.8
Bulmer (HP)	♣♦V	554xd	—	558	398	292.5	2.8	17.4
Burn St Dist	♣V□	119½	—	148	99	79.9	5.2	25.7
Grand Met	♣V□	448xd	+4	487	361	9,318	4.2	19.1
Guinness	♣♣♦V□	454	-3½	508	404	9,198	3.9	14.1
Highland	♣V□	335	-1	408	315	448.2	2.9	15.2
Nikko Y	□	781¼	—	808	621	8,221	0.8	30.5
Macallan-Glen	♣♣V	180	—	217	167	187.8	1.0	35.5
Macdon Martin A	♣♦V	643	+5	680	600	88.1	2.1	18.1
Matthew Clark	♣♣♦V□	657xd	—	694	540	580.3	4.1	–
Merrydown	♣♦V	107½	—	140	68	11.7	2.3	–
Seagram $		$23⅝	+¼	$25⅞	£16⅞	6,434	1.2	–

BANKS, MERCHANT

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 9pc Cm 2nd Prf		50½	—	98	50¼	6.31	19.8	–
Cater Allen	♣♦V	489	—	525	418	158.5	7.8	7.9
Close Bros	♣V□	357	—	*378	227	435.9	3.0	15.8
Gerrard & Nat	♣V	452	-2	472	395	220.8	6.2	14.8
Hambros	V□	201	—	223	180	353.4	4.7	–
7½pc Cv Pf		101	—	107½	94	130.1	9.3	–
Joseph (L)	♣♦V	453	—	463	353	24.0	5.2	15.6
King & Shaxson	♣V□	163	-1	165	85	43.0	6.9	12.7
Rea Brothers	♣V	60	—	67	44	29.0	2.1	24.0
Schroders	♣♦♦V□	1253	+25	*1478	906½	1,882	1.4	17.8
NV	♦♦V	1015	+30	*1180	823¼	446.6	1.7	14.5
Singer & Fried	♣♦V□	106	+1	111	81	209.1	4.4	11.0
[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	–

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

HOUSEHOLD GOODS - Cont.

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

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INV TRUSTS SPLIT CAPITAL - Cont.

LEISURE & HOTELS - Cont.

OTHER FINANCIAL - Cont.

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

AIM - Cont.

LIFE ASSURANCE

PAPER, PACKAGING & PRINTING

MEDIA

RETAILERS, FOOD

TELECOMMUNICATIONS

AMERICANS

TEXTILES & APPAREL

RETAILERS, GENERAL

PHARMACEUTICALS

CANADIANS

OTHER INVESTMENT TRUSTS

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£30½	—	£34¼	£29	2,098	2.8	14.9
Barlow	♣	£10⅝	-⅛	£10⅞	£5½	2,088	1.5	Φ
Gold Flds Prop R		163	-7	170	135	16.7	6.6	7.2
NK Props		98	—	98	85	3.82	12.0	-
SASOL	♥	564	-12	648	475	3,244	2.5	-
SA Brews		£24¼	-¼	£26½	£14⅞	7,142	1.5	32.3
Standard Bank	□	£31⅛	-⅜	£32⅞	£20¾	3,794	1.5	21.4
Tiger Oats		1248	-10	1278	775	1,677	1.5	Φ
Tongaat-Hulett	†	1167	-13	1247	636	1,086	1.7	22.0

TOBACCO

TRANSPORT

OIL EXPLORATION & PRODUCTION

Airline shares set to plummet on 7th March 1996

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INVESTMENT COMPANIES

PHARMACEUTICALS - Cont.

RETAILERS, GENERAL - Cont.

PROPERTY

WATER

OIL, INTEGRATED

SUPPORT SERVICES

AIM

OTHER FINANCIAL

LEISURE & HOTELS

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

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For readers phoning from outside UK, please dial +44 in place of the first 0.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

Orion Fund Limited

BERMUDA (REGULATED)(**)

Bermuda Intl Invest Mgmt Ltd

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Lazard Fund Managers (Channel Islands) Ltd

M & G (Guernsey) Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Lazard Fund Managers (CI) Ltd

Yamaichi Capital Mngt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

The Fidelity Trust Global Fund

Guinness Flight Select Funds Plc

Henderson Touche Remnant Fund Managers

LGT Asset Management Ltd

Morgan Grenfell Investment Funds Ltd (x)

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

Chemical Ireland Fund Administrators Ltd

Korea Growth Fund Plc

Pacific Growth Fund Plc

Yamaichi Samsung Dynamic Korea Fund

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

Ashburton Global Funds Ltd (1200)

ISLE OF MAN (REGULATED)(**)

AXA Equity & Law Intl Fund Mgs

Bank of Ireland Asset Mngmt (IOM) Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd

Barclays International Funds

Coutts & Co (Jersey) Fund Managers Ltd

JERSEY (REGULATED)(**)

Barclays Intl Funds

John Govett Management (Jersey) Ltd

Fleming Group

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (x)

Eagle Star - Global Assets Fund (x)

Fleming Group (x)

Nikko Capital Management

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (x)

Alliance Capital

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

	Selling Price	Buying Price	+ or -	Yield Gross
Credit Investment Funds - Contd.				
[illegible]				
Nikko Asia Convertible Bond Fund				
Nikko Asia Conv Bond NAV	$10.60		—	–
Nikko Bank (Luxembourg) S.A.				
US Index Fd–SICAV NAV	$13.42		—	–
Euro Index Fd NAV	Ecu13.80		—	–
Nomura Asian Infrastructure Fd SICAV				
NAV	$22.00		-0.11	–
For Oasis Fund see Fleming Group				
Pacific Basin Growth Fund				
NAV A Shs	$10.38		-0.02	–
NAV B Shs	$10.71			–
Pan-Holding SA				
Pan Holding NAV Feb 7	$378.16		—	–
Pictet Group				
[illegible]				
CMI Insurance Co Ltd				
Clerical Medical Hse, Douglas I.O.M. (00) 44 1624 638888				
[illegible]				
Royal Life International				
Royal Court, Amory Rd, Castletown IOM 01624 821212				
[illegible]				
Capital International				
Capital Int. Fund	$181.18		-0.49	–
Cathay Investment Fund Limited				
NAV Dec 31	HK$10.13		—	–
Chameleon Funds Limited				
Panmure Gordon & Co Limited – UK Representative				
UK Equity Fund	£141.77	142.80	—	–
For Chase Manhattan Vista Funds see Luxembourg Reg				
Chescor Indian Investment Company Ltd				
Smaller Cos Prtflio Feb 2	$3.85		—	–
The China Fund				
NAV Feb 8	$7.92		—	–
Subscription Price	$7.90		—	–
Repurchase Price	$7.72		—	–
The China Invest & Development Fd Ltd				
Red Prg Pref NAV Jan 31	$10.39		+0.04	0
Global Asset Management - Contd.				
[illegible]				

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

	Selling Price	Buying Price	+ or -	Yield Gross
Ultra Interest Plus Fund				
Fund Advisors Class A Dec 31	$1079.72		—	–
Fund Advisors Class B Dec 31	$1061.41		—	–
Ultra Sector Fund Ltd				
Fund Advisors Ltd Dec 31	$1432.91		—	–
Ultra Value Fund Ltd				
Fund Advisors Cl C Dec 31	$877.88		—	–
Ultra Westcliff Fund Ltd				
Fund Advisors Ltd Dec 31	$1312.98		—	–
Value Partners 'A' Fund				
NAV Feb 8	$19.30		—	–
Valu-Trac Investment Management Ltd				
Valu-Trac Global Bd Tst	$10.48	11.08	+0.06	–
Valu-Trac Global Eqy Tst	$10.49	11.48	+0.17	–
Vantage Investment Management Ltd				
Vantage Global Invest	$99.28	100.28	—	–
The Vietnam Frontier Fund				
Frontier Fund Management Co				
NAV (Fully Paid) Jan 31	$10.15		—	–
The Vietnam Fund Limited				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Fully Paid Jan 31	$11.12		—	–
Wells Fargo U.S. IT Fund				
[illegible]				
Worldwide Limited				
NAV Jan 31	$90.83		—	–
Xiphias International Investment Fd Ltd				
Xiphias Global Growth	$9.77		—	–
Xiphias Int ECU Acc	Ecu1.4257		—	–
Zanett Lombardier Ltd				
NAV Jan 1	$127.77		—	–
Zweig–DiMenna International Limited				
NAV Jan 31	$140.22		—	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Bermuda - Bermuda Monetary Authority
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monetaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(♥) - 0001 to 1100 hours
(♦) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours
(♠) - 1701 to midnight
E - Exit charge on sale of units.
¢ - Manager's periodic charge deducted from capital.
H - Historic pricing F - Forward pricing
h - Distribution free of UK taxes.
p - Periodic premium insurance plans.
s - Single premium insurance.
x - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities).
z - Offered price includes all expenses except agent's commission.
y - Previous day's price.
§§ - Guernsey gross.
◆ - Yield before Jersey tax.
† - Ex-subdivision. xd - Ex-dividend.
‡ - Only available to charitable bodies
● - Yield column shows annualised rates of NAV increase.

LONDON STOCK EXCHANGE

MARKET REPORT

Wall St surge helps Footsie recover early loss

By Steve Thompson, UK Stock Market Editor

A relatively comforting performance by gilts and another powerful opening by Wall Street helped London's equity market negotiate fairly successfully the first session of what could be a very tricky week.

The Dow Jones Industrial Average raced up 35 points within minutes of the opening yesterday and advanced further to show a 50 points-plus gain an hour after London closed for business.

But the market had to endure some uncomfortable moments early in the session as marketmakers took avoiding action in the wake of the IRA bombing outrage last Friday and ahead of Thursday's publication of the Scott report into the "arms-for-Iraq" affair.

Both events were viewed as having potential to cause severe damage to market sentiment. A resumption of the IRA's bombing campaign on the mainland was viewed as extremely bearish for the leisure/hotels industry.

The FT-SE 100 index closed the day a net 10.3 firmer at 3,726.6, recovering from a weak opening, but the FT-SE Mid 250 proved a disappointment, only just managing to end in positive territory, up 0.3 at 4,152.2. At one point the Mid 250 looked set to launch a determined challenge to its previous all-time high, 4,152.8, achieved in 1994.

Dealers said the second-line stocks were being held back by fear of more profits warnings emerging in the March reporting season.

There was comfort in the day's economic news, which revealed a smaller than expected rise in producer prices, reviving hopes that a further reduction in UK interest rates may not be too far away. The data helped gilts, which held steady in a narrow trading range.

Senior marketmakers said they expected London to continue to make progress, as long as Wall Street held up. "There was very little selling pressure after an early flurry, and plenty of buyers came in during the afternoon," said one trader. A leading marketmaker at a European securities house said the market attracted buyers just below the 3,700 mark on the Footsie.

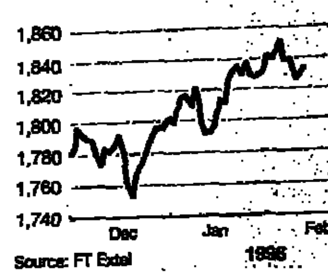
There were also rumblings of more takeover activity and that the electricity sector, which has seen a number of false starts in the past few weeks, would be the target of the next big bid. Northern Electric, which was the first of the "recs" to attract a predator when Trafalgar House launched its unsuccessful bid for the group in 1994, was the name being mentioned late in the session.

At its worst, shortly after the opening, the Footsie showed an 18.9 points decline, with much of the initial selling said to have been the residue of a sell-side programme started late on Friday. Once that selling was done, the market began to stabilise.

The best individual performance in the Footsie came from Blue Circle, which responded to a stock shortage, while on the downside, Granada was badly affected by the IRA bombing. British Petroleum moved up amid hopes that today's fourth-quarter figures may include an increase in the dividend.

Turnover at 6pm was a respectable 650.5m shares. Customer business on Friday was valued at £2bn.

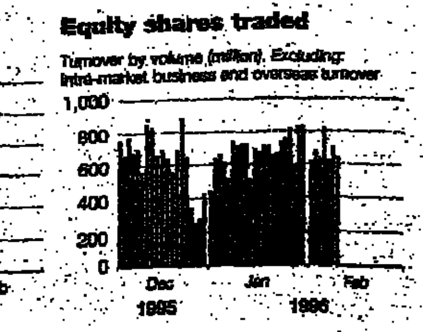
FT-SE-A All-Share index



Source: FT Extel

Equity shares traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3726.6	+10.3
FT-SE Mid 250	4152.2	+0.3
FT-SE-A 350	1857.8	+4.1
FT-SE-A All-Share	1833.33	+3.95
FT-SE-A All-Share yield	3.73	(3.74)
FT Ordinary index	2736.3	+8.6
FT-SE-A Non Fins p/e	17.10	(17.05)
FT-SE 100 Fut Mar	3733.0	+11.0
10 yr Gilt yield	7.60	(7.60)
Long gilt/equity yld ratio:	2.16	(2.15)

Best performing sectors

1 Banks, Merchant .... +1.4
2 Extractive Inds .... +1.4
3 Electronic & Elec .... +1.3
4 Building Mats .... +1.0
5 Oil, Integrated .... +1.0

Worst performing sectors

1 Pharmaceuticals .... -0.5
2 Insurance .... -0.5
3 Health Care .... -0.5
4 Gas Distribution .... -0.4
5 Oil Exploration .... -0.2

IRA fears hit hotel shares

Friday's IRA bombing in London's Docklands prompted worries about the likely impact on hotel businesses should international travellers choose to stay away from the UK for fear of further bombings.

Among the day's biggest casualties was Granada Group, which last month acquired Forte, the country's largest hotels business.

The shares resisted the firm market trend to close 12 down at 712p, one of the day's worst performers in the Footsie.

One dealer said: "There are genuine fears about tourists, particularly from the US, deciding not to come to the UK for fear of the bombings. However, there has also been some indigestion in the market and there are those that have simply chosen to take profits after the recent run in the share price."

Other stocks that came under pressure on the worries included Jurys Hotel Group, fell 7 to 224p.

N Ire Elec concern

Northern Ireland Electricity suffered badly in the aftermath of the docklands bomb attack.

Shares in the regional electricity company slid as at least two brokers were said to have lowered their stance.

Mr Mike Hilton, a utilities analyst with Charterhouse Tilney, moved his recommendation from buy to hold, arguing that the increased cost of security would hit company profits. He also believes that if the fragile peace is over, investment in the province could die away and so could demand for electricity. Dealers said BZW also downgraded.

However, ABN Amro Hoare Govett and SBC Warburg said the fall in the shares – down more than 6 per cent at one stage – was overdone. Warburg repeated its buy stance and Mr Matthew Siebert of ABN said: "The longer term fundamentals have not changed greatly." The shares rallied from their low to close 16 off at 410p.

Some insurance issues were weakened by worries of increased demands on the balance sheet if terrorism returns to mainland Britain. However, analysts were quick to reassure nervous clients that almost all such claims are settled by Pool Re, the government established reinsurance group. There are also concerns, ahead of the full-year reporting season, that figures will be hit by poor weather claims.

General Accident slipped 5 to 632p and Sun Alliance shed 4 to 368p.

Pru peak

Prudential, the life assurance group, hit a new record close in spite of growing fears that a shareholder bonanza might not happen.

There has been a feeling that the Pru could unleash its orphan estate – funds set aside over years of conservative payouts and estimated at between £4bn and £5bn.

Some analysts have suggested that it could overcome restrictions in its articles of association by merging with a mutual.

Consequently, the Pru's share price has risen by 32 per cent over the past six months and outperformed the FT-SE-A All-Share index by more than 20 per cent over the same period.

However, Credit Lyonnais Laing believes the very large premium of the share price to the company's estimated valuation is unjustified.

Analyst Mr Jonathan Sheehan has rummaged through the archives to inspect the group's rule book as far back as 1890. He can find no reason why the Pru might change its stance which allows for a 10 per cent payout to shareholders and the rest to policyholders.

Neither can he see a reason why the Pru should hold such a premium while rivals with big life funds are trading around asset value. "The market has built in a premium for gains not yet achieved, or shown to be possible in the UK, and will fall back into only one stock," he said. The shares finished 4 higher at 441p.

Schroders, the tightly held merchant bank, bounced 25 to 1253p as UBS took the stock off its sell list.

Amersham International, the healthcare group, rose 15 to 850p on US marketing approval for its Myoview agent for functional imaging of the heart and a presentation in the US by Merrill Lynch.

Northern Electric moved forward 18 to 630p on takeover talk and suggestions of a recommendation from SBC Warburg.

Hotels and betting company Ladbroke, which operates the Hilton hotels chain outside the US, fell back initially on the same concerns that affected Granada. However, the shares recovered to close just a penny off at 169p, as takeover speculation among casino groups boosted related stocks yesterday.

A story in the weekend press suggested two US casino groups have held talks with British casino operators about a possible takeover.

Ladbroke re-entered the UK casino market in 1994 with the purchase of three London casinos, and last week it added a fourth with the acquisition of London's Barracuda casino from Stakis, the Glasgow based hotels and casinos group.

Stakis closed 2 ahead at 89p. Among other casino operators, London Clubs appreciated 13 to 499p, while Capital Corporation gained 8 at 226p.

Backers of BT, the day's most active Footsie stock, claimed to have spotted a subtle change in sentiment yesterday.

The shares moved ahead as talk suggested that the odds on the telecoms giant successfully battling its way through the regulatory morass appeared to shorten a touch. They finished 4 up at 365½p in 20m turnover.

Some 25p above their January low, the shares look to have pinned their colours to Sir Peter Bonfield's skills as a mediator. BT faces a number of challenges on pricing from Oftel, the industry regulator. There is suspicion in the market that the new chief executive may be just the man to pull it off.

Among conglomerates, Hanson, which has been bumping along close to its low for some days, dipped 2½ to 185p ahead of tomorrow's third-quarter results. A total of 8m shares were traded.

Williams Holdings eased a further 3 to 332p. The group has been subject recently to talk of a cautious statement when it puts out 1995 results on March 12. Trafalgar House continued to recover, adding 1½ at 33¼p in 14m dealt on news that the group was closing in on a £500m Thai steel mill contract.

What looked to be positive news for Eurotunnel mostly came too late for share markets. The announcement of two heavyweight names to mediate in the Channel tunnel operator's debt negotiations left the shares unchanged at 84p. In Paris, the stock traded within a range of 85 centimes and ran up volume of 2.3m shares.

South East Asia impinged upon leading engineers yesterday, with GKN gaining ground on news of a South Korean joint venture and Rolls-Royce advancing almost 3 per cent on revived talk of positive spin-offs from the recent Singapore Air Show.

GKN moved up 12 to 827p and R-R, the third best performing Footsie stock, gained 6 at 212p in turnover of 14m.

TI Group shed 2 to 466p after take profits advice from Merrill Lynch, which moved from hold to sell on the shares. The broker also turned cautious on Glynwed, switching from buy to hold after trimming profits estimates by £6m to £96m. The shares lost 4¼ at 329p.

FINANCIAL TIMES EQUITY INDICES

	Feb 12	Feb 9	Feb 8	Feb 7	Feb 6	Yr ago	*High	*Low
Ordinary Share	2736.3	2727.7	2724.1	2738.6	2760.5	2344.4	2788.2	2238.3
Ord. div. yield	3.82	3.84	3.84	3.82	3.79	4.48	4.73	3.76
P/E ratio net	16.89	16.84	16.84	16.92	17.07	17.89	21.33	15.35
P/E ratio nil	16.68	16.63	16.62	16.71	16.85	17.01	22.21	15.17

*For 1995/96. Ordinary Share index since compilation: high 2788.2 18/01/96; low 49.4 26/6/40. Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2722.4	2720.0	2729.0	2731.9	2732.7	2731.7	2733.5	2736.2	2735.4	2737.6	2715.2

	Feb 12	Feb 9	Feb 8	Feb 7	Feb 6	Yr ago
SEAQ bargains	32,314	30,926	31,581	29,586	31,942	22,282
Equity turnover (£m)†	-	2003.7	1938.4	1798.0	2041.6	989.9
Equity bargains†	-	33,616	37,080	37,857	36,511	31,183
Shares traded (mil)†	-	643.0	703.7	626.1	833.7	495.8

†Excluding intra-market business and overseas turnover.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	499	Total Highs	67	Total contracts	24,484
Total Falls	550	Total Lows	29	Calls	13,162
Same	1,736			Puts	11,322

Feb. 12*Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3704.0	3733.0	+11.0	3744.0	3696.0	10240	63245
Jun	3699.0	3736.5	+11.5	3740.5	3699.0	838	1791
Sep		3753.0	+11.0			0	267

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		4160.0	+0			0	3311

■ FT-SE 100 INDEX OPTION (LIFFE) (*3727) £10 per full index point

	3550 C	3550 P	3600 C	3600 P	3650 C	3650 P	3700 C	3700 P	3750 C	3750 P	3800 C	3800 P	3850 C	3850 P	3900 C	3900 P
Feb	180	1	130½	1	83	3	40	9½	9½	30	1	77	1	12	1	177
Mar	190	9	147½	15½	107	25	72½	41½	44	64	23	95½	11½	137½	4½	187
Apr	193½	23	154½	34	118½	47½	88½	67	63½	91½	42	120	27	156½	16½	195½
May	215	37	177	48½	143	64½	112½	83	86	107	61½	133	43½	165½	28	202
Jun†			189½	58½			126½	93½			78½	145			45½	212½

Calls 4,995 Puts 3,779

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3575 C	3575 P	3625 C	3625 P	3675 C	3675 P	3725 C	3725 P	3775 C	3775 P	3825 C	3825 P	3875 C	3875 P	3925 C	3925 P
Feb	155	1	105½	1	59	4	21½	16½	4	48½	½	95	½	145	½	195
Mar	169	9	123½	16	85½	27½	54	46	31	72½	15½	107	6½	148	2½	193½
Apr	177	30½	140½	43½	107	59½	78½	80½	54½	106	36½	137	23	173	14	213½
Jun			180½	71½			116½	105½			69½	156			46	224½
Sep†			221½	98			169	133			111	180½			7	240½

Calls 1,198 Puts 3,380 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt cap (£m.)	1995/96 High	1995/96 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	6.28	6½	5¾	†Ballynatray	6		-	-	-	-
120	F.P.	24.0	125	115	Century Inns	120		-	-	-	-
-	F.P.	13.5	90	71	†Dmatek	72		-	-	-	-
60	F.P.	35.4	68	65	MediaKey	65		Lv0.96	-	1.8	-
-	F.P.	0.13	8	8	†Nthn Prtm Wrts	8		-	-	-	-
-	F.P.	1.13	105	100	†Revelation P'dilly	105		-	-	-	-
54	F.P.	3.21	60	53	†Self Sealing Syst	55		-	-	-	-
-	F.P.	1.00	8½	6	†SkyePharma Wts	8¼		-	-	-	-
-	F.P.	5.70	205	125	†Viewinn	190	-2	-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Feb 9	% chg on day	Feb 8	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (33)	2382.38	-1.3	2414.80	1715.38	1.43	-	2820.73	1686.31
■ Regional Indices								
Africa (16)	3337.83	-1.1	3375.47	2718.22	2.71	37.11	3553.86	2272.74
Australasia (5)	2730.06	-0.6	2746.02	1838.58	2.14	41.54	2927.34	1831.05
North America (12)	2056.73	-1.6	2089.51	1402.33	0.66	62.07	2186.39	1382.43

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FT - SE Actuaries Share Indices — The UK Series

	Feb 12	Day's chge%	Feb 9	Feb 8	Feb 7	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3726.6	+0.3	3716.3	3708.4	3726.1	3081.1	3.86	2.06	15.71	9.81	1493.64
FT-SE Mid 250	4152.2	....	4151.8	4149.8	4147.1	3445.3	3.53	1.74	20.36	23.80	1644.91
FT-SE Mid 250 ex Inv Trusts	4159.4	....	4158.8	4156.7	4152.4	3454.1	3.67	1.79	19.04	25.14	1649.63
FT-SE-A 350	1857.8	+0.2	1853.7	1850.4	1857.1	1537.5	3.79	2.00	16.51	6.12	1524.14
FT-SE-A 350 Higher Yield	1856.9	+0.2	1852.4	1848.9	1858.0	1562.9	4.64	1.62	14.82	6.55	1264.39
FT-SE-A 350 Lower Yield	1863.6	+0.2	1860.0	1856.9	1861.1	1511.7	2.88	2.31	18.79	5.69	1276.28
FT-SE SmallCap	2026.54	+0.1	2025.50	2025.12	2024.53	1720.25	3.09	1.83	22.12	3.85	1643.09
FT-SE SmallCap ex Inv Trusts	2001.84	+0.2	1998.12	1997.38	1996.25	1697.32	3.32	1.91	19.68	3.95	1690.34
FT-SE-A ALL-SHARE	1833.33	+0.2	1829.38	1826.35	1832.41	1519.85	3.73	1.99	16.84	5.85	1528.06

■ FT-SE Actuaries All-Share

	Feb 12	Day's chge%	Feb 9	Feb 8	Feb 7	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3293.58	+1.0	3262.38	3226.91	3231.43	2699.43	3.59	2.00	17.42	0.00	1385.96
12 Extractive Industries(6)	4240.12	+1.4	4183.27	4214.07	4232.61	3488.72	3.74	2.39	13.96	0.00	1215.85
15 Oil, Integrated(3)	3351.89	+1.0	3319.04	3268.76	3274.94	2711.37	3.67	1.95	17.44	0.00	1445.94
16 Oil Exploration & Prod(15)	2096.69	-0.2	2101.89	2093.80	2072.57	1955.82	2.34	1.48	36.14	0.00	1244.52
20 GEN INDUSTRIALS(276)	2019.39	+0.4	2010.56	2010.98	2026.14	1827.46	4.09	1.87	16.36	1.99	1065.38
21 Building & Construction(34)	1054.92	+0.4	1050.93	1052.48	1061.25	959.10	3.80	2.09	15.74	0.36	869.42
22 Building Matls & Merchs(29)	1891.38	+1.0	1872.64	1878.07	1896.46	1762.07	3.96	2.03	15.54	0.61	938.98
23 Chemicals(23)	2438.27	+0.2	2432.78	2423.11	2440.70	2202.98	4.02	1.87	16.66	0.91	1135.87
24 Diversified Industrials(21)	1765.21	....	1765.83	1757.89	1781.19	1807.56	5.59	1.49	15.01	3.32	966.95
25 Electronic & Elect Equip(38)	2303.36	+1.2	2274.93	2292.19	2289.84	1895.02	3.14	1.95	20.39	2.04	1182.77
26 Engineering(71)	2252.19	+0.3	2246.20	2244.33	2257.47	1747.23	3.31	2.24	16.86	3.48	1350.13
27 Engineering, Vehicles(13)	2616.95	+0.4	2606.17	2622.13	2629.17	2123.07	3.92	1.26	25.36	0.23	1334.40
28 Paper, Pckg & Printing(28)	2619.77	+0.4	2610.38	2601.81	2626.73	2724.67	3.81	2.53	12.98	0.39	1074.75
29 Textiles & Apparel(19)	1456.04	+0.4	1449.96	1473.80	1480.79	1480.20	4.78	1.79	14.60	0.00	873.27
30 CONSUMER GOODS(81)	3641.75	-0.1	3645.37	3629.69	3632.96	2857.86	3.76	1.75	19.00	7.79	1324.25
32 Alcoholic Beverages(9)	2814.26	+0.3	2805.49	2776.77	2773.84	2608.61	4.32	1.67	17.33	28.48	1005.85
33 Food Producers(23)	2568.66	+0.1	2565.61	2584.84	2594.43	2350.86	4.17	1.73	17.28	4.53	1141.19
34 Household Goods(15)	2639.53	+0.3	2632.80	2620.86	2622.44	2533.17	3.62	2.15	16.10	1.96	991.77
36 Health Care(20)	1933.77	-0.5	1942.84	1923.32	1932.02	1614.15	2.65	1.77	26.72	2.06	1162.27
37 Pharmaceuticals(13)	5185.36	-0.5	5210.46	5187.69	5171.39	3479.58	3.16	1.69	23.42	0.05	1731.87
38 Tobacco(1)	4819.93	+0.4	4798.75	4735.22	4798.75	3794.24	4.98	1.94	12.95	0.00	1166.09
40 SERVICES(253)	2296.20	....	2295.33	2288.62	2295.38	1870.53	3.00	2.09	19.90	12.94	1183.33
41 Distributors(32)	2607.08	-0.1	2609.38	2608.47	2610.75	2256.61	3.68	1.79	18.97	0.00	948.85
42 Leisure & Hotels(23)	2820.87	....	2821.60	2806.20	2844.45	2116.11	2.95	1.94	21.80	104.50	1500.22
43 Media(46)	3713.42	+0.2	3704.53	3707.90	3704.46	2759.16	2.21	2.13	25.56	11.48	1333.21
44 Retailers, Food(15)	1935.20	-0.1	1937.61	1930.45	1929.65	1772.97	3.78	2.41	13.76	2.67	1213.44
45 Retailers, General(43)	1917.96	....	1917.77	1910.60	1914.64	1552.61	3.09	2.24	18.05	5.57	1084.34
47 Breweries, Pubs & Rest.(24)	2962.72	-0.2	2968.18	2947.66	2972.45	2147.64	3.33	2.08	18.03	15.46	1412.80
48 Support Services(49)	2002.45	+0.1	1999.50	1985.05	1987.43	1464.52	2.35	2.52	21.11	2.39	1261.60
49 Transport(21)	2285.80	....	2284.95	2281.75	2296.97	2214.15	3.79	1.39	23.66	3.84	940.28
60 UTILITIES(33)	2454.52	+0.5	2442.45	2444.88	2444.57	2363.93	5.05	2.01	12.29	27.33	1038.29
62 Electricity(12)	2749.97	+0.5	2736.46	2739.97	2750.93	2444.79	5.05	2.60	9.53	105.57	1331.35
64 Gas Distribution(2)	1603.76	-0.4	1610.77	1607.69	1616.80	2042.04	7.47	1.04	16.09	0.00	804.63
66 Telecommunications(7)	2014.99	+0.9	1996.76	1996.26	1986.23	1980.78	4.19	1.77	16.87	0.00	912.04
68 Water(12)	2097.33	-0.1	2098.60	2112.28	2118.07	1733.91	5.82	2.60	8.26	3.61	1137.36
69 NON-FINANCIALS(667)	1937.79	+0.3	1932.57	1927.01	1932.71	1645.97	3.78	1.94	17.10	7.57	1451.01
70 FINANCIALS(108)	2910.40	....	2909.78	2920.05	2934.97	2143.90	3.89	2.32	13.84	0.62	1229.38
71 Banks, Retail(8)	4114.94	....	4116.64	4140.02	4184.88	2814.56	3.64	2.60	13.20	0.00	1319.09
72 Banks, Merchant(6)	3478.70	+1.4	3431.10	3452.47	3479.34	3078.07	2.68	2.41	19.38	0.00	1090.54
73 Insurance(24)	1407.58	-0.5	1414.29	1408.59	1411.18	1204.69	5.19	2.69	8.97	0.26	1031.61
74 Life Assurance(6)	3492.03	+0.4	3476.83	3483.24	3479.46	2343.18	4.00	1.53	20.44	0.00	1422.66
77 Other Financial(23)	2543.16	+0.1	2539.46	2542.95	2483.79	1858.94	3.59	1.86	18.75	1.06	1426.53
79 Property(41)	1448.86	+0.2	1446.50	1449.84	1450.97	1381.27	4.30	1.32	22.06	2.51	880.17
80 INVESTMENT TRUSTS(127)	3150.25	....	3150.52	3149.37	3157.02	2628.80	2.12	1.05	56.05	6.43	1092.44
89 FT-SE-A ALL-SHARE(902)	1833.33	+0.2	1829.38	1826.35	1832.41	1519.85	3.73	1.99	16.84	5.85	1528.06
FT-SE-A Fledgling	1144.30	....	1143.60	1142.41	1142.27	963.59	2.85	2.23	19.01	2.68	1184.97
FT-SE-A Fledgling ex Inv Trusts	1139.46	+0.1	1138.73	1136.81	1136.60	965.20	3.24	2.40	16.06	2.84	1179.22

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3708.8	3705.0	3713.0	3715.1	3718.0	3718.1	3721.8	3726.2	3726.9	3729.0	3697.4
FT-SE Mid 250	4150.1	4148.2	4149.7	4150.6	4151.4	4151.5	4152.3	4152.9	4152.7	4153.5	4147.0
FT-SE-A 350	1850.6	1848.9	1852.2	1853.1	1854.3	1854.4	1856.9	1857.7	1857.9	1858.8	1845.9

Time of FT-SE 100 Day's high: 3.33pm Day's low: 8.45am. FT-SE 100 1995/96 High: 3781.3 (2/2/96) Low: 2954.2 (23/1/95).

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1060.2	1059.1	1061.2	1060.5	1059.4	1060.5	1061.8	1062.2	1064.9	1064.4	1059.1	+5.3
Pharmaceuticls	5118.2	5105.6	5118.3	5118.4	5123.2	5120.3	5131.2	5128.4	5128.8	5129.2	5154.4	-25.2
Water	2088.7	2089.2	2090.1	2089.8	2088.2	2088.2	2087.9	2089.2	2090.1	2090.1	2091.4	-1.3
Banks, Retail	4165.3	4154.1	4158.5	4164.6	4171.5	4171.5	4174.5	4173.5	4170.5	4167.5	4169.2	-1.7

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from FT-SE International Ltd., The Podium, St Alphage House, 2 Fore Street, London, EC2Y 5DA.

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TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's chnge
3i†	819	414	+1
ASDA Group†	3,300	105	+½
Abbey National†	2,800	580	+5
Albert Fisher	2,200	44½	-1
Allied Domecq†	2,900	532	+6
Anglian Water	350	583	
Argos†	1,900	582	+1
Argyll Group†	1,000	320	+1
Arjo Wiggins	154	182	+1
Assoc. Brit. Foods†	393	361	-
Assoc. Brit. Ports	1,300	291	+1
BAA†	1,800	489	+1
BAT Inds.†	2,100	563	+4
BET	205	138	+1
BICC	228	277	-1
BOC†	388	943	+6
BP†	5,800	545	+7
BPB Inds.	1,500	318	+4
BSkyB†	1,000	381½	+1
BT†	20,000	365½	+4
BTR†	4,200	325	+2
Bank of Scotland†	581	295	-1
Barclays†	3,500	782	+1
Bass†	675	744	-3
Blue Circle†	3,600	358	+13
Booker	218	363	-6
Boots†	1,900	598½	-2½
Britannic	208	748	
Brit. Aerospace†	2,500	828	-16
British Airways†	1,800	505	
British Gas†	14,000	243½	-1
British Land	1,200	397	+1
British Steel†	4,700	170	-½
Bunzl	2,100	198	+5
Burmah Castrol†	510	1036	
Burton†	1,200	130½	+1¼
Cable & Wire†	1,800	457	+2
Cadbury Schweppes†	3,000	526	+2
Caradon	389	217	+1
Carlton Comms.†	961	1036	+2
Coats Viyella	1,300	180½	+½
Comm Union†	1,000	615	
Compass	1,400	485	+5½
Cookson†	953	296	+1
Courtaulds†	195	419	-2
Dalgety	378	428	+1
De La Rue	123	726	
Dixons†	1,300	428	+3
East Midland Elect.	311	724	
Electrocomps	249	341	
Eng China Clays	289	339	
Enterprise Oil†	1,600	366	
Eurotunnel Units	247	84	
FKI	271	157	-1
Foreign & Col. I.T.†	1,300	165½	+½
Forte	31	347	-2
Gen. Accident†	564	632	-5
General Elect.†	8,600	361½	+6
Glaxo Wellcome†	3,700	929	-5
Glynwed	417	329	-4¼
Granada†	2,800	712	-12
Grand Met.†	1,400	445	+1
GUS†	2,700	691	+8
Greenalls†	683	574	-3
GRE†	1,300	249	-2
GKN†	1,000	827	+12
Guinness†	778	454	-3½
HSBC (75p shr)†	846	1085	+2
Hammerson	49	337	+1
Hanson†	8,000	185	-2½
Harrisons Crosfield	515	158	
Hays	830	368	
Hillsdown	4,700	179	+3
IMI	98	327	+3
ICI†	1,200	826	+7
Inchcape	1,200	264	+2
Johnson Matthey	454	568	+5
Kingfisher†	514	522	-1
Kwik Save	770	498	-3
Ladbroke†	12,000	169	-1
Land Securities†	569	613	+2
Laporte	153	633	+1
Legal & General†	1,000	691	+1
Lloyds Abbey	703	484	-1
Lloyds TSB†	4,700	321	+1
LASMO†	1,100	184½	-1½
London Elect.	634	744	+7
Lonrho	978	201½	
Lucas	390	197	-3
MEPC	189	408	-2
MFI	616	158	-3
Marks & Spencer†	4,000	430	-2
Mercury Asset Man	221	878	
Midlands Elect.	428	391	-4
Morrison (Wm.)	3,200	157	+3
NFC	931	155	+½
NatWest Bank†	4,200	652	
National Grid†	3,000	194½	-1
National Power†	3,800	468	+11
Next	331	468	+1
Northern Elect.	888	630	+18
Northern Foods	226	189	+1
Pearson†	321	678	-4
P & O†	1,100	525	+1
Pilkington†	7,500	201	
PowerGen†	925	625	+4
Prudential†	4,700	441	+4
REXAM†	2,500	360	+1
RMC†	327	1018	
RTZ†	848	930	
Racal	3,800	305	+1
Rank Org.†	4,000	473	+8
Reckitt & Colman†	2,000	693	+3
Redland†	2,000	415	+3
Reed Intl.†	535	1012	+4
Rentokil†	1,900	367	+1
Reuters†	2,800	644	+13
Rolls Royce†	14,000	212	+6
Ryl Bk Scotland†	1,400	548	
Royal Insurance†	1,700	372	-3
Sainsbury†	5,300	385	-2
Schroders†	452	1253	+25
Scottish & New.†	586	650	-6
Scot. Hydro-Elect.	544	344	
Scottish Power†	295	383	+½
Sears	3,400	85	+½
Sedgwick	1,300	121	-2
Seeboard	4	834	
Severn Trent†	230	628	
Shell Transport†	3,500	867½	+6½
Siebe†	2,100	797	+16
Slough Ests	10	211	-1
Smith (W.H.)	284	419	+6
Smith & Nephew†	1,400	190½	+3
SmKl Beecham†	1,500	725	-6
SmKl Beecham Uts.†	903	718	-10
Smiths Inds.†	752	656	-1
Southern Elect.†	1,000	835	+1
South Wales Elect.	413	855	
South West Water	41	514	
Southern Water	399	668	-3
Standard Chartd.†	4,700	587	-5
Storehouse	60	297	
Sun Alliance†	600	368	-4
T&N	1,500	166	+½
TI Group†	613	466	-2
Tarmac	1,100	116	-½
Tate & Lyle†	765	467	+6
Taylor Woodrow	1,100	139	+3
TeleWest	0	142	-½
Tesco†	3,800	282	-½
Thames Water†	220	543	
Thorn EMI†	327	1694	-8
Tomkins†	580	275	+4
Trafalgar House	14,000	33¼	+1½
Unigate	258	431	
Unilever†	2,500	1295	+8
United Biscuits	3,400	241	-3
Utd. News & Media	3,000	634	-11
United Utilities†	745	589	
Vodafone†	6,800	233½	+3½
WPP	2,100	172	
Welsh Water	247	773	-4
Wessex Water	251	325	+1
Whitbread†	677	722	-2
Williams Hldgs.†	465	332	-3
Willis Corroon	1,700	164	+3
Wimpey	702	135	
Wolseley†	1,100	470	
Yorkshire Elect.	892	717	
Yorkshire Water	207	809	
Zeneca†	867	1243	+8

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are rounded.

CONTRACTS & TENDERS

GOVERNO DO ESTADO DE SÃO PAULO

INTERNATIONAL NOTICE FOR COMPANIES AND/OR JOINT VENTURES FOR PROJECT MANAGEMENT OVERSIGHT - P.M.O. SERVICES

COMPANHIA DO METROPOLITANO DE SÃO PAULO - METRÔ informs that it has reopened the application for companies to register at COMPANHIA DO METROPOLITANO DE SÃO PAULO - METRÔ, for rendering Project Management Oversight - P.M.O. services, in projects to be implanted with the International Bank for Reconstruction and Development - THE WORLD BANK's partial financing. The future selection process shall observe the guidelines of THE WORLD BANK.

Project Management Oversight - P.M.O. services consist in the continuous and independent follow-up of the project's implantation processes, involving technical, administrative and financial aspects. For this purpose, they must supply the additional instruments for their correct evaluation, in order to assure their implementation in an efficient and effective manner, within the project's budgets, terms, contracts documents, technical specifications and basic criteria.

The activities that must be overseen are related to the total implantation of a subway railway line, comprising civil works, systems, equipment and rolling stock.

Only companies of countries eligible by THE WORLD BANK, Switzerland, Taiwan and China shall be registered.

Registration instructions are at the disposal of the interested companies, at no cost, and should be obtained at the following address:

COMPANHIA DO METROPOLITANO DE SÃO PAULO - METRÔ
Rua Luis Coelho, 197 - Sobreloja
01309-001 - São Paulo - SP BRAZIL
FAX: 55-11-283-7032 TELEPHONE: 55-11-283-7030
C/O: Gerência de Compras

The relevant documents, requested in the Registration instructions, must be delivered at COMPANHIA DO METRÔ, at the above referred address, until 02:00pm (local time) of March 19, 1996.

Secretaria dos Transportes Metropolitanos
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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 12 / Sch)

BELGIUM/LUXEMBOURG (Feb 12 / Frs.)

CZECH REP (Feb 12 / Koruna)

DENMARK (Feb 12 / Kr)

FINLAND (Feb 12 / Mka)

FRANCE (Feb 12 / Frs.)

GERMANY (Feb 12 / Dm.)

GREECE (Feb 12 / Drachma)

ITALY (Feb 12 / Lira)

NETHERLANDS (Feb 12 / Fls.)

NORWAY (Feb 12 / Kroner)

POLAND (Feb 12 / Zloty)

PORTUGAL (Feb 12 / Escudo)

SPAIN (Feb 12 / Pts.)

SWEDEN (Feb 12 / Kronor)

SWITZERLAND (Feb 12 / Frs.)

TURKEY (Feb 12 / TK Lira)

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PACIFIC

JAPAN (Feb 9 / Yen)

HONG KONG (Feb 12 / H.K.$)

INDONESIA (Feb 12 / Rupiah)

MALAYSIA (Feb 12 / MYR)

NEW ZEALAND (Feb 12 / NZ $)

SINGAPORE (Feb 12 / S$)

AUSTRALIA (Feb 12 / Aust$)

SOUTH KOREA (Feb 12 / Won)

TAIWAN (Feb 12 / TW $)

THAILAND (Feb 12 / Baht)

AFRICA

SOUTH AFRICA (Feb 12 / Rand)

NORTH AMERICA

CANADA

TORONTO (Feb 12 / Can $) 4 pm close

MONTREAL (Feb 12 / Can $) 4 pm close

Sales			+/-	High	Low
122671	Abitib	23⅝	+⅛	23¾	22⅞
40916	AgnEag	21⅞	−⅛	22⅛	21⅝
72920	AirCdo	4.9		4.9	4.85
93676	AlbnaE	23½		u23⅝	23⅛
9600	AlbNtG	25⅝		u26½	25⅛
175536	AlcnAl	44¼	+¼	44½	43⅞
50500	AtcoCl	18⅞	−⅛	19	18⅞
79139	Avenor	23⅞	+⅛	24	23⅞
104621	BCSugA	9⅞		u10	9⅞
47319	BC Tel	26½	−¼	u26⅞	26⅛
378322	BCE	50⅝	−⅛	u50⅝	50
219672	BCE Mb	45½	+1⅛	46	44½
14165	BGR A	18⅝	−⅛	18⅞	18⅝
562123	BkMont x	32¾	+⅛	32⅞	32
158764	BkNovS	31⅞	+⅛	31⅞	31
1142720	BrckGd	41¼	−⅝	42¼	41
94975	BeauEx	1.56	+.02	1.58	1.55
5030	BombA	21½	+⅛	u21⅞	21½
735026	BmbdrB	21½	+½	21⅝	21

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995/96, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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INDICES

INDEX FUTURES

US INDICES

Dow Jones	Feb 9	Feb 8	Feb 7	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Industrials	5541.62	5539.45	5492.12	5541.62 (9/2/96)	3832.08 (30/1/95)	5541.62 (9/2/96)	41.22 (2/7/32)
Home Bonds	105.89	105.78	105.76	105.91 (2/3/96)	93.63 (3/1/95)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2017.26	2015.94	1991.51	2082.11 (5/12/95)	1473.19 (3/1/95)	2082.11 (5/12/95)	12.32 (8/7/32)
Utilities	233.09	232.32	232.32	233.09 (9/2/96)	183.03 (3/1/95)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 5603.76 (5558.88) Low 5474.06 (5441.55) (Theoretical♣)
Day's high 5584.97 (5542.70) Low 5513.44 (5472.25) (Actual♣)

Standard and Poors	Feb 9	Feb 8	Feb 7	1995/96 High	1995/96 Low	Since compilation High	Since compilation Low
Composite‡	656.37	656.07	649.93	656.37 (9/2/96)	459.11 (3/1/95)	656.37 (9/2/96)	4.40 (1/6/32)
Industrials♥	769.28	769.06	761.37	769.28 (9/2/96)	546.28 (3/1/95)	769.28 (9/2/96)	3.62 (21/6/32)
Financial	66.83	66.96	65.85	66.96 (8/2/96)	41.64 (3/1/95)	66.96 (8/2/96)	8.64 (1/10/74)
NYSE Comp.	349.44	349.15	346.32	349.44 (9/2/96)	250.73 (3/1/95)	349.44 (9/2/96)	4.46 (25/4/42)
Amex Mkt Val	564.01	564.66	562.59	564.66 (8/2/96)	433.12 (6/1/95)	564.66 (8/2/96)	29.31 (9/12/72)
NASDAQ Cmp	1094.60	1093.17	1084.86	1094.60 (9/2/96)	743.58 (3/1/95)	1094.60 (9/2/96)	54.87 (31/10/72)

■ RATIOS

	Feb 9	Feb 2	Jan 26	Year ago
Dow Jones Ind. Div. Yield	2.13	2.19	2.24	2.72
	Feb 7	Jan 31	Jan 24	Year ago
S & P Ind. Div. yield	1.88	1.91	1.95	2.42
S & P Ind. P/E ratio	19.86	19.43	18.96	18.96

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Micron Tech	10,805,200	38¾	-1
Ford Motor	7,207,200	30¾	+1
Walt Disney	6,308,800	62⅛	-1⅛
Chrysler	5,283,500	55⅜	-1⅛
Gen Motors	4,949,200	51⅞	+½
Contifinancial	4,809,600	25⅛	+4¾
Cop Cities	4,636,200	128¾	-1½
WMX Tech	4,370,300	28⅞	+⅛
Entergy	4,326,500	29¼	-⅛
AT & T	4,144,800	66⅛	-¾

■ TRADING ACTIVITY

● Volume (million)

	Feb 9	Feb 8	Feb 7
New York SE	481.231	473.155	459.361
Amex	27.51	28.833	30.196
NASDAQ	585.307	570.972	627.110
NYSE			
Issues Traded	3,100	3,080	3,110
Rises	1,202	1,335	1,208
Falls	1,097	958	1,139
Unchanged	801	787	762
New Highs	254	230	229
New Lows	18	16	10

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	659.25	661.10	+1.85	662.15	658.35	107,147	193,362
Jun	666.40	667.00	+1.80	668.15	666.40	5,146	13,643

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	21170.0	21060.0	-30.0	21170.0	20940.0	21,659	151,429
Jun	21150.0	21050.0	-10.0	21160.0	20940.0	3,195	25,745

Open interest figures for previous day.

● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Friday, February 9, 1996

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Kyokuyo	11.6m	922	-88	Mitsubishi Elect	8.6m	802	-6
Komatsu	11.4m	910	-5	Japan Energy	7.5m	383	+6
Toshiba Corp	10.0m	850	-12	Kawasaki Steel	6.8m	368	
Nippon Paper	9.1m	755	-17	Dowa Mining	6.8m	550	+12
NKK Corp	8.7m	302	-2	Nippon Oil	6.2m	660	+22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close February 12

1995/96 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22 1/8	12 7/8	AAR	0.48	2.4	24	458	20 3/4	20	20 3/4	
46 1/4	35	AMP x	1.00	2.3	21	9398	43	42 1/8	42 3/4	+5/8
93 3/4	53 3/8	AMR			32	3282	81 1/8	80 1/4	80 3/4	+1/2
50 1/2	36 3/8	ASA	2.00	4.2	31	1119	48 7/8	47 3/8	47 3/8	-3/4
44 3/4	30 3/4	AbbotL	0.96	2.2	20	10670	44 3/8	43 5/8	44 1/4	+5/8
18 7/8	12	Abitibi Pr	0.40	2.4	8	502	16 7/8	16 5/8	16 7/8	+1/4
28 1/2	21	ABM Ind	0.70	2.5	15	46	28 1/4	28 1/8	28 1/4	+1/8
17 1/2	13 7/8	Acpincain			10	157	15 1/4	14 7/8	15	
50 3/8	21 7/8	ACE Ltd	0.56	1.1	11	7215	u50 3/8	48 1/4	48 3/4	+1/2
9 7/8	8 1/8	ACM Gvt In x	0.90	9.2	8	340	u9 7/8	9 3/4	9 3/4	+1/8
7 7/8	6 1/2	ACM GvOpp x	0.66	8.5		49	7 3/4	7 5/8	7 3/4	
7 1/2	5 3/4	ACM Gvt Sp x	0.75	10.5		178	7 1/8	7	7 1/8	
9 1/8	7 1/4	ACM Gvt Se x	0.90	10.0		220	9	8 7/8	9	
9 1/2	7 5/8	ACM Man x	0.90	9.9		169	9 1/4	9 1/8	9 1/8	-1/8
20 3/4	10 1/4	AcmeClv x	0.52	2.7	4	95	19 3/4	19 1/2	19 1/2	+1/8
38 3/4	7 3/8	Acme Elect			64	32	7 3/4	7 5/8	7 3/4	
34 1/2	23 3/4	Acordia	0.72	2.6	15	28	28 1/8	28 1/8	28 1/8	-3/8
16 3/4	10 1/8	Acuson			43	469	14 1/8	13 7/8	13 7/8	-3/8
19 5/8	16 5/8	Adams Expr	0.36	1.9	0	469	19 3/8	19 1/8	19 3/8	+1/4
38 7/8	16 1/8	AdvMic			7	6679	21 1/8	20 3/4	21	+1/8
9 7/8	5	Advest Grp	0.16	1.6	9	127	u9 7/8	9 3/4	9 3/4	

[illegible]

- A - - B - - C - - D - - E - - F - - G - - H - - I - - J - - K - - L - - M - - N - - O - - P - Q - - R - - S -

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FT FINANCIAL TIMES

Continued on next page

NYSE COMPOSITE PRICES

4 pm close February 12

Continued from previous page

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NASDAQ NATIONAL MARKET

4 pm close February 12

[illegible]

AMEX COMPOSITE PRICES

4 pm close February 12

[illegible]

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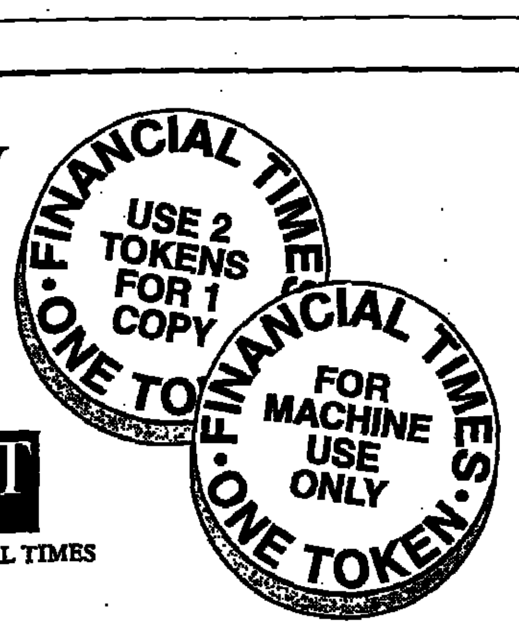

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FT FINANCIAL TIMES

AMERICA

Downtick rule triggered as equities surge

Wall Street

Leading US shares continued their record-breaking surge yesterday, with trading restrictions imposed by the New York Stock Exchange as the Dow Jones Industrial Average rose 50 points, *writes Maggie Urry in New York.*

Hopes of lower interest rates persuaded investors to pour more money into the market. Attention centred on stocks which benefit most from cheaper money.

Shortly before 1 pm, the Dow's rise exceeded 50 points, *triggering the so called "downtick" rule limiting computer generated trading.* At 1 pm the Dow was up 48.77 at 5,590.39. The broader Standard & Poor's 500 was 4.09 higher at 660.46 and the Nasdaq composite index had gained 2.61 at 1097.21. But the American Stock Exchange composite was softer at 562.47, off 1.54. Volume on the New York SE came to 230m shares.

The advance was led by the less glamorous stocks, cyclicals, conglomerates and industrial groups.

Within the Dow's 30 shares, Caterpillar, the earth-moving equipment company, rose $1¾ to $66¾, Du Pont, the chemicals group, was up $1⅞ to $79⅝, and the diversified Minnesota Mining & Manufacturing was $1¼ higher at $69⅞.

Motor stocks rose, with General Motors up $1¼ to $53⅞, a 2.4 per cent increase. Ford was ahead by $½ at $30⅝, and Chrysler up $1⅞ to $57.

Oil shares were firmer, contributing to the Dow's rise. There are three oil companies in the index: Chevron was up $1¼ to $56⅛, Exxon gained $1¼ to $84, and Texaco put on $1⅞, to $82⅞.

Corporate activity generated some sharp moves. News of a $283m agreed takeover by Honeywell, which makes control systems, of Duracraft had both shares higher. Honeywell was up $1 to $54, while Duracraft rose $15⅞ to $43¾, close to the $43½ a share Honeywell is offering.

TRW's decision to sell its information services business to a buy-out group for more than $1bn, announced late on Friday, and its plan to use some of the proceeds to buy-back 10 to 15 per cent of its shares, lifted its stock $4⅝ to $89⅝.

Shares of GTech, which produces computer equipment for lotteries, *and is a member of* the consortium which operates the UK national lottery, rose $1¼ to $29⅝ on news of two new contracts, one in Germany and the other in Ohio, and a five year extension of its existing contract with *Rhode Island.*

Canada

Toronto overcame early weakness in midsession and the TSE 300 composite index was 4.33 higher by noon at 5,042.26 in volume of 40m shares.

Diamond Fields Resources picked up C$1¼ to C$37¾ on speculation that another bidder would emerge to rival the friendly C$4bn Falconbridge offer. Falconbridge eased C$⅛ to C$30.

Inco fell C$1 to C$45⅞.

Caracas soars by 9%

There was no *halting the surge* in CARACAS, which began last week, and by late afternoon the IBC index had gained a further 9 per cent to 3,001.86. Brokers remarked that the rise in prices had been driven by a sharp fall in yields on fixed income paper which had caused investors to look for alternative places to invest.

MEXICO CITY told a different story as the IPC index sank 74.07 or 2.5 per cent to 2,911.04 in late morning trade. The fall was attributed to worries about the domestic economy.

SAO PAULO also followed its own agenda, with today's options settlement casting its shadow. By early afternoon the Bovespa index was off 212.39 at 52,842. Doubts about the progress of the pensions reform bill were also leading to caution. A vote had been expected on the measure last week but was postponed until the end of the month. BUENOS AIRES struggled to make headway and by midsession the Merval index had put on 2.36 at 554.64.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1996	Start of 1996	Start of 1996
Austria	-1.04	+3.35	+6.46	-2.75	+4.25	+2.10
Belgium	-2.16	+1.63	+22.09	+20.15	+28.58	+25.92
Denmark	+0.40	+3.64	+12.00	+12.75	+22.55	+20.02
Finland	-0.42	+6.26	-4.54	-4.42	+0.13	-1.94
France	-2.38	+3.46	+6.52	+6.49	+14.36	+11.98
Germany	-1.64	+2.11	+13.01	+12.25	+20.26	+17.77
Ireland	-1.38	-0.82	+18.69	+21.59	+26.68	+24.06
Italy	-0.08	+9.08	-5.12	+2.91	+8.76	+6.52
Netherlands	-0.40	+1.60	+20.62	+21.09	+29.72	+27.04
Norway	-0.44	-1.09	+4.03	+3.27	+10.57	+8.28
Spain	-1.04	+0.92	+16.11	+17.95	+27.54	+24.89
Sweden	+1.24	+6.31	+20.01	+27.22	+38.92	+36.05
Switzerland	-0.86	-1.09	+24.55	+24.41	+37.63	+34.78
UK	-1.53	+1.77	+19.33	+20.35	+20.35	+17.86
EUROPE	-1.26	+2.23	+15.31	+16.37	+22.06	+19.53
Australia	-1.17	+1.11	+22.29	+17.82	+17.24	+14.82
Hong Kong	-1.66	+7.46	+35.50	+34.90	+37.84	+34.99
Japan	+0.27	+1.54	+15.50	+4.32	-0.63	-2.68
Malaysia	-1.50	-1.83	+7.67	+6.98	+9.52	+7.26
New Zealand	-0.92	-1.26	+2.70	+6.84	+15.08	+12.72
Singapore	-2.02	+4.30	+27.17	+17.16	+23.15	+20.60
Canada	+0.28	+6.38	+21.90	+19.32	+24.56	+21.99
USA	+3.15	+9.02	+35.76	+42.33	+45.34	+42.33
Mexico	-3.29	+1.38	+48.45	+24.41	-16.41	-18.14
South Africa	-2.24	+1.98	+45.51	+13.88	+29.90	+27.21
WORLD INDEX	+0.93	+5.01	+23.38	+21.50	+23.21	+20.66

† Based on February 9 1996. © Copyright, FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. 1996. All rights reserved.

EUROPE

Lack of weekend agreement undermines Milan

Investors in MILAN began to lose their patience with Mr Antonio Maccanico's protracted *efforts to form a government* and the Comit index fell 13.38 or 2.1 per cent to 624.87, while the real-time Mibtel index dropped 280 to 9,885.

Analysts noted that the market had been pressured from the start by the prime minister-designate's failure to conclude an agreement over the weekend. In spite of President Oscar Luigi Scalfaro's continuing optimism that an accord could be secured, the market was becoming less sure.

Olivetti fell L18 to L918 as its 41 per cent-owned Omnitel unit announced price cuts for its *mobile telephone network.*

Its rival, Telecom Italia Mobile, lost L140 to L2,840 amid rumours of a downgrade; Telecom Italia fell L101 to L2,622 and Stet L130 to L4,808.

PARIS recovered from an early loss to post a modest day's rise in the CAC-40 index, up 7.02 at 1,967.67. Turnover was just FFr9bn.

Eurotunnel closed with a gain of 10 centimes at FFr6.60 prior to announcing, after the close, that it had appointed two senior statesmen, one from Britain and one from France, to act as mediators between itself and creditor banks.

L'Oreal improved FFr12 to FFr1,406 after claiming that it now had a 98 per cent stake in Maybelline, the US cosmetics group, following Friday's expiry of its $44 per share takeover bid; while Renault receded FFr3.30 to FFr142.40 as it announced that it was to shed 2,756 jobs during the coming year.

Other losers included Alcatel Alsthom, off FFr4.20 at FFr448.20, following weak 1995 sales figures, and Promodes, down FFr45 to FFr1,365, on a similar story.

FRANKFURT had its moments but, as last week, it was unwilling ultimately to follow New York's lead. The Dax index finished 6.48 lower at an Ibis-indicated 2,428.59. Turnover dropped DM2bn to DM7.5bn.

Kloeckner Werke, the plastics, machinery and automotive components group, climbed DM4 or 7 per cent to DM61 on the prospect of a break even this year after a DM210m net loss in 1995.

However, the papermaker Herlitz declined DM9 or 3.9 per cent to DM221 after two years on the downgrade; and Bremer Vulkan, the ailing shipbuilder whose downtrend began late in 1994, dipped another DM1 or 3.6 per cent to DM26.50.

AMSTERDAM, which settles into the corporate reporting season this week, was helped by strength in financials as the AEX index added 1.56 at 503.56.

Polygram, the Philips music and film subsidiary which publishes its 1995 results tomorrow, was one of the session's best performers, rising Fl2.40 to Fl94.50. Brokers expected little change in earnings over 1994, *largely reflecting* the lack of success in producing box office cinema hits, and said that they were awaiting the company's forecast for 1996 with interest.

Philips lost 30 cents to Fl 66.50 as investors waited patiently for the group's 1995 results on Thursday. Analysts said that the market would be closely watching the performance and outlook of the consumer electronics division, which, in the past, had been a drain on profitability, and accounted for 30 per cent of total sales.

A consensus forecast was for Philips to show a net profit some Fl 2.4bn, up from 1994's Fl 2.05bn, owing to gains in the components and semi-conductors division. Earlier this month Philips reported that it would take a Fl 300m extraordinary charge for losses at its German Grundig division, an announcement that was greeted positively.

Royal Dutch, which also puts out results on Thursday, was up Fl 1.60 at Fl 236.30.

ZURICH followed a recovery in federal bond futures, and the SMI index picked up from a low of 3,228.9 to close 10.4 higher at 3,253.1.

Much of the day's action was again seen in second tier stocks. Schindler picked up SFr40 to SFr1,350, Merkur SFr4 to SFr264 and Immuno SFr5 to SFr675.

WARSAW extended last week's *gains* in a confident spirit as the Wig index breached the 11,000 level for the first time since August 1994. The all-share Wig index rose 4.2 per cent to 11,160.3 and turnover soared 48 per cent to 232.2m zlotys.

However, analysts forecast that a correction could now be expected, with some anticipating a fall to the 9,400 level before the rally resumed.

STOCKHOLM welcomed the strong return to fourth quarter profits at Saab. B shares in Investor, which owns a half share in the carmaker, rose SKr5.50 to SKr244.

Elsewhere, Astra, the drugmaker, rose SKr2.50 at SKr291.50, and banks and insurers gained just under a percentage point on falling bond yields.

The Affärsvärlden General index closed 7.8 higher at 1,821.0.

TEL AVIV failed to react significantly to a call for an early general election by Mr Shimon Peres, the prime minister, and the Mishtanim index of the top 100 shares gained 0.22 to 205.72. Turnover was Shk87m against Shk92m on Sunday.

However, brokers cautioned that the low turnover indicated that many dealers were probably playing a waiting game, and that a more significant downward correction could be expected today.

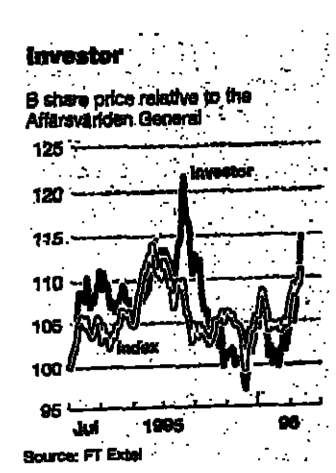
Written and edited by William Cochrane, Michael Morgan and John Pitt

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Feb 12 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1545.61	1546.65	1547.00	1547.90	1548.88	1550.57	1550.53	1550.87
FT-SE Eurotrack 200	1646.60	1648.32	1647.26	1650.17	1651.55	1652.41	1655.03	1655.60

	Feb 9	Feb 8	Feb 7	Feb 6	Feb 5
FT-SE Eurotrack 100	1547.77	1548.69	1557.83	1551.46	1548.16
FT-SE Eurotrack 200	1650.50	1655.03	1663.79	1662.29	1658.34

Base 1000 (26/10/90) High/day: 100 - 1552.90; 200 - 1655.88 Low/day: 100 - 1545.69 200 - 1645.83 † Partial



ASIA PACIFIC

Taipei jumps 1.9% on talk of market boosting moves

There was talk in TAIPEI that the government was going to announce market boosting measures. This lifted the weighted index by 90.78 or 1.9 per cent to 4,866.81 in average turnover of T$25.9bn.

After the close, the government said it would establish a fund of some T$200bn to stabilise the market, and also make T$35bn available for housing loans to boost the moribund property market.

On Sunday the central bank said that from the end of this month it would raise the ceiling on foreign investments to 20 per cent of the total market value, from 15 per cent at present.

Stock market professionals were disappointed. They said it was unrealistic to expect the government to find as much as T$200bn: furthermore, they said, the central bank's failure to cut reserve requirements was likely to take the froth off the top of the market today.

Tokyo was closed yesterday for a public holiday. In London the ISE/Nikkei 50 index eased 1.29 to 1,421.99.

KARACHI retreated towards the end, speculators and retail investors taking profits following a 4 per cent rise on Sunday. The main losers were mostly blue chip issues, such as PTCL and Hub Power. The KSE 100-share index lost 24.03 or 1.4 per cent to 1,719.08.

Analysts remarked that the *market, which had risen previously for five consecutive sessions,* was also being supported by foreign investors, especially from the US. Violence in Karachi, together with the Mexican peso crisis in late 1994, resulted *in a gradual but steady outflow* of foreign money in 1995, they observed.

Sentiment was also encouraged at the weekend by a statement from an IMF mission, which said that Pakistan was well on track to implementing an economic reform programme, and that GDP should be in the range of 6 per cent this year, compared to an earlier forecast of 5.5 per cent and *last year's 4.7 per cent.*

BANGKOK lost 1.4 per cent in a thinly traded session as domestic investors worried that the minimum initial margin rate would be raised. The SET index fell 19.33 to 1,360.71 on turnover of Bt5.6bn.

Brokers said that there were rumours that the initial margin rate would be increased to 50 per cent. Last Thursday the Securities and Exchange Commission raised the rate to 40 per cent from 30 per cent.

MANILA, supported by late buying of selected blue chips and second line stocks, was *firmer. The composite index* added 29.35 at 2,854.02 in turnover of 1.7bn pesos.

Brokers noted that there was particular interest in the over-the-counter market, where Fortune Cement was trading at 8.75 pesos compared to its IPO price of 8.25 pesos.

SEOUL saw broadly based selling, and customer deposits with securities houses fell by about Won10bn, reflecting *weakening investor sentiment.*

The composite index closed 10.05 *lower* at 865.16 in relatively light volume of 21.1m shares.

A rise in Hyundai group financial shares and stability among key blue chips helped to prevent a greater drop in the index. *Hyundai Marine and* Fire Insurance gained Won2,900 at Won52,600 and Hyundai Merchant Bank Won800 at Won26,500.

HONG KONG was moderately lower in quiet conditions, subdued by the approach of next week's Chinese New Year holiday. The Hang Seng index ended 53.69 softer at 11,256.59, off an early low of 11,232.84, in turnover that shrank to just HK$3.9bn.

HSBC slipped HK$1 to HK$125.50 and the property giants Cheung Kong and Sun Hung Kai both declined 50 *cents to HK$53.75 and HK$70.35* respectively.

Henderson Land, which detailed HK$1.5bn spin-off plans for its China property arm, ended flat at HK$57.50 after touching HK$58.75. Bank of East Asia, which posted better than expected earnings last week, *put on 50 cents at* HK$32.

Golden Resources, the rice distributor, also bucked the trend and forged ahead 29 cents to HK$1.11 in active trade on talk that a Japanese group could take a stake in the company, brokers said.

SYDNEY *was easier as* the gold market softened. The All Ordinaries index dipped 8.5 to 2,263.3, while the golds index fell 40.4 to 3,147.7.

SINGAPORE's Straits Times Industrial index retreated 36.87 or 1.5 per cent to 2,419.57, mainly due to declines in Fraser & Neave, Keppel and Singapore Press Holdings.

F&N finished 60 cents off at S$19.90, contributing 7.7 points to the fall in the index.

KUALA LUMPUR saw last-minute buying of key blue chip stocks which pushed the market into positive territory at the close, but the broader market continued its weak trend from last week as investors cashed out ahead of next week's holiday.

The composite index ended 0.12 higher at 1,039.67, up from an intra-day low of 1,035.97.

Repco Holdings, which resumed trading after a five-week suspension, surged to a high of M$97.75 before closing at M$92.75, against its pre-suspension price of M$88.

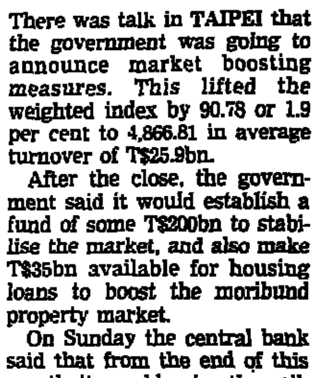
BOMBAY saw a technical correction followed by a recovery to level ground, after a two-week surge during which demand by foreign institutions had pushed the market 21 per cent ahead. The BSE-30 index bounced off the 3,450 mark to close 1.25 up at 3,471.78.

COLOMBO's business more than doubled on overseas buying *of blue chips. The all-share* index edged forward 0.85 to 557.76 in turnover of SLRs57.37m, compared with Friday's SLRs23.79m.

SHANGHAI's hard currency B index declined, reflecting expectations that two leading bicycle manufacturers would post poor 1995 *results due to a* weak domestic market.

The index lost 0.202 to 50.554 in thin volume of 2.4m shares.

Shanghai Forever Bicycle performed worst, dropping $0.012 or 8.21 per cent to $0.134. Shanghai Phoenix followed, closing $0.010 or 5.6 per cent down at $0.170.



S African golds under pressure

Bullion's weakness drove Johannesburg's gold shares down, while basket trading by futures operators kept industrials under pressure.

The overall index retreated *73.6 to 6,800.1, industrials* declined 39.9 to 8,445.4 and golds gave up 79.7 at 1,725.8.

De Beers receded R1.75 to R119.25, Anglos fell R6.50 to R269.50, SAB was 50 cents lower at R135.50 and Anglo-*vaal relinquished R4 at R156.*

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	FRIDAY FEBRUARY 9 1996: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY FEBRUARY 8 1996: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 52 week High	52 week Low	Year ago (approx)
Australia (81)	197.08	-0.4	190.71	133.25	151.37	173.39	-0.2	3.87	197.95	190.94	133.69	151.92	173.77	199.13	158.71	158.71
Austria (26)	186.57	-0.4	180.54	126.15	143.30	143.14	-0.3	1.51	187.33	180.69	126.52	143.77	143.60	199.26	169.11	169.15
Belgium (34)	212.09	-0.7	205.24	143.40	162.90	158.85	-0.6	3.32	213.51	205.94	144.20	163.86	159.86	215.81	167.78	187.76
Brazil (28)	166.73	0.1	161.34	112.73	128.06	300.24	0.1	1.61	166.60	160.69	112.52	127.85	299.97	170.25	86.06	132.20
Canada (101)	157.84	-0.5	152.74	106.72	121.28	156.82	-0.2	2.40	158.71	153.08	107.19	121.80	157.19	158.71	125.64	127.01
Denmark (33)	302.22	-0.5	292.45	204.34	232.13	234.99	-0.5	1.39	303.67	292.91	206.09	233.05	236.06	303.67	252.41	256.25
Finland (24)	182.36	-0.7	176.46	123.30	140.07	176.80	-0.2	1.81	183.71	177.20	124.07	140.99	177.16	276.11	171.13	186.93
France (99)	183.15	0.2	177.24	123.84	140.68	145.80	0.2	3.12	182.80	176.33	123.46	140.29	145.50	191.17	161.53	164.85
Germany (60)	168.77	-0.7	163.32	114.11	129.63	129.63	-0.6	1.89	169.99	163.97	114.81	130.46	130.46	171.28	142.25	144.30
Hong Kong (59)	440.26	-0.4	426.03	297.67	338.16	437.01	-0.4	3.24	442.00	426.34	298.52	339.21	438.71	448.01	318.35	324.92
Ireland (16)	255.85	-0.1	247.58	172.99	196.52	228.78	0.1	3.36	256.23	247.15	173.05	196.64	228.57	262.70	206.44	212.12
Italy (59)	80.20	0.3	77.60	54.22	61.60	93.87	-0.2	1.59	79.96	77.12	54.00	61.36	94.02	82.71	65.46	81.86
Japan (482)	152.73	-0.8	147.79	103.26	117.31	103.26	-0.6	0.74	153.89	148.43	103.93	118.10	103.93	164.62	136.95	143.07
Malaysia (107)	514.16	-1.0	497.54	347.64	394.91	504.35	-1.2	1.66	519.36	500.96	350.77	398.59	510.26	561.96	425.77	477.33
Mexico (18)	1159.26	-1.7	1121.79	783.82	890.40	9487.01	-1.5	1.47	1178.91	1137.14	796.21	904.76	9634.95	1237.14	647.81	1050.35
Netherland (19)	275.52	0.2	266.61	186.29	211.62	208.00	0.2	3.14	275.07	265.32	185.77	211.10	207.54	280.49	220.44	220.44
New Zealand (14)	79.41	-1.1	76.84	53.69	60.99	62.44	-1.3	4.66	80.31	77.46	54.24	61.63	63.24	85.49	72.27	72.45
Norway (33)	230.82	-0.4	223.36	156.06	177.29	202.11	-0.2	2.18	231.73	223.52	156.51	177.85	202.60	243.79	202.76	213.94
Singapore (44)	449.90	-1.2	435.36	304.19	345.56	293.64	-1.2	1.37	455.30	439.17	307.50	349.43	297.10	465.21	342.37	344.62
South Africa (45)	428.32	-0.3	414.48	289.60	328.98	341.50	-0.2	3.45	429.44	414.23	290.04	329.58	342.25	437.76	302.03	302.39
Spain (37)	164.81	0.7	159.49	111.44	126.59	155.21	0.7	3.87	163.61	157.81	110.50	125.56	154.12	168.91	124.10	134.06
Sweden (47)	314.42	1.9	304.26	212.59	241.50	323.59	1.3	1.87	308.70	297.76	208.49	236.91	319.40	324.31	232.23	244.10
Switzerland (39)	222.64	-0.3	215.44	150.53	171.00	168.74	-0.1	1.60	223.28	215.37	150.80	171.36	168.82	239.55	166.96	168.96
Thailand (48)	188.12	-1.9	182.04	127.20	144.49	184.59	-1.9	2.03	191.64	185.04	129.56	147.23	188.19	193.95	130.15	152.97
United Kingdom (205)	229.63	-0.1	222.21	155.26	176.38	222.21	0.2	3.99	229.98	221.83	155.33	176.50	221.83	232.53	192.74	195.40
USA (632)	267.24	0.1	258.60	180.69	205.26	267.24	0.1	2.15	267.05	257.58	180.35	204.95	267.05	267.24	196.84	196.84
Americas (779)	243.92	0.0	236.04	164.92	187.35	205.03	0.1	2.15	243.83	235.19	164.68	187.13	204.93	243.92	180.00	180.79
Europe (731)	201.95	-0.1	195.42	136.55	155.11	175.28	0.1	2.96	202.08	194.92	136.49	155.09	175.19	204.32	169.63	171.12
Nordic (137)	278.27	0.8	269.27	188.15	213.73	246.27	0.6	1.80	275.96	266.19	186.38	211.79	244.77	295.02	222.22	232.81
Pacific Basin (833)	165.82	-0.7	160.46	112.12	127.37	115.02	-0.6	1.16	167.06	161.14	112.83	128.21	115.76	171.87	145.95	151.15
Euro-Pacific (1564)	180.77	-0.4	174.93	122.22	138.84	137.93	-0.3	2.00	181.54	175.11	122.61	139.33	138.37	183.39	158.37	159.38
North America (733)	260.48	0.1	252.06	176.12	200.07	259.84	0.1	2.16	260.34	251.12	175.83	199.80	259.67	260.48	192.52	192.52
Europe Ex. UK (526)	182.36	0.0	176.47	123.30	140.07	148.87	0.0	2.39	182.39	175.93	123.18	139.98	148.88	184.61	162.92	154.16
Pacific Ex. Japan (351)	287.20	-0.7	277.92	194.19	220.59	251.96	-0.7	2.92	289.16	278.93	195.31	221.93	253.62	291.91	229.25	230.62
World Ex. US (1756)	182.69	-0.4	176.78	123.52	140.32	142.33	-0.3	2.04	183.48	176.97	123.92	140.81	142.79	184.71	156.72	159.87
World Ex. UK (2183)	206.76	-0.2	200.08	139.80	158.81	173.81	-0.2	1.90	207.22	199.88	139.95	159.03	174.13	207.22	166.62	166.57
World Ex. Japan (1906)	239.89	-0.1	232.14	162.20	184.26	226.13	-0.0	2.49	240.02	231.51	162.10	184.20	226.14	240.02	187.38	187.38
The World Index (2388)	208.83	-0.2	202.08	141.20	160.40	178.28	-0.1	2.08	209.26	201.87	141.34	160.61	178.55	209.28	169.20	170.93

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EURO DISNEY S.C.A.

NOTICE OF CONVOCATION

Euro Disney Shareholders are invited to attend a Combined General Meeting at the New York Hotel, Disneyland Paris, Chessy (Seine et Marne), France, **on Tuesday March 12, 1996 at 10 am.**

The agenda for the meeting, a list of resolutions and the report of the Company are available from SBC Warburg, 1 Finsbury Avenue, London EC2M 2PP.

Any shareholder, regardless of the number of shares he/she holds, has the right to attend this meeting, to be represented by another shareholder and member of this meeting, or by his/her spouse, or to vote by mail.

In order to attend, or to be represented at this meeting, or to vote by mail:
- holders of registered shares must be registered at the latest five days prior to the date of the meeting.
- holders of bearer shares must ensure that the manager of their share account confirms, prior to the same date, their shareholding, as at the date of the combined general meeting, with Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France.

Banque Indosuez will provide shareholders with proxy or postal voting forms and admission cards. Shareholders wishing to vote by mail must, pursuant to legal provision, request by registered mail with *acknowledgment of receipt requested,* a postal voting form from Banque Indosuez or the registered office of the Company (Investor Relations Department).

In accordance with the law, shareholders are reminded that:
- any request for forms, must be received at the registered office of the Company or at the above office of Banque Indosuez six days prior to the day of the meeting, i.e. by Wednesday March 6, 1996 at the latest;
- the form, duly completed, must be received at the registered office of the Company or at the registered office of Banque Indosuez, 96 boulevard Haussmann, 75008 Paris, France, three days prior to the meeting, i.e. by Saturday March 9, 1996 at the latest;
- holders of bearer shares must attach a certificate, issued by the manager of their share account, *confirming their shareholding,* to the form:
- shareholders voting by mail will not be entitled to attend the meeting in person or be represented at the meeting by proxy.

The Gérant

If you are a shareholder, you can benefit from the many privileges of the Euro Disney Shareholders Club. For further information, please contact the Club by telephone: (33 1) 64 74 56 30.

Registered office: "Immeubles administratifs" - Route nationale 34 - Chessy (Seine-et-Marne) - France

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Imperial Cancer Research Fund

Notice of Early Redemption

MTKB Finance (Cayman) Limited

U.S.$800,000,000
Subordinated 8.625% Notes due 2001

Notice is hereby given that, in accordance with Condition 6 of the Terms and Conditions, the above-captioned Notes will be redeemed at their principal amount on 6th March, 1996.

SAKURA TRUST INTERNATIONAL LIMITED
Principal Paying Agent

13th February, 1996

FT Les Echos

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